Daily Report

Latin America

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FBIS-LAT-95-181 *19 September 1995*

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Ecuador, Peru Guarantor Ministers To Meet in Oct

PY1909001595 Quito Voz de los Andes in Spanish 2300 GMT 18 Sep 95

[FBIS Translated Text] Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordoba has announced that the meeting of the guarantor countries with the Peruvian and Ecuadoran deputy foreign ministers will be held 5-6 October.

Peru will be represented by Peruvian Deputy Foreign Minister Jorge Botto Bernales, who replaces Eduardo Ponce, former ambassador to Quito.

Fernandez de Cordoba told the media that they will probably be summoned to a meeting to assess the developments and analyze the fulfillment of the Itamaraty Peace Declaration.

Mercosur's Administrative Arm To Have Own Budget

PY1909035295 Buenos Aires TELAM in Spanish 1857 GMT 15 Sep 95

[FBIS Translated Text] Montevideo, 15 Sep (TELAM-SNI) — Uruguayan Government sources today told TELAM-SNI that the Administrative Secretariat of the Common Market of the South (Mercosur), which has its seat in Montevideo, will have an annual budget of $3 million.

The same sources indicated that a draft budget was drawn up in Montevideo in August by technicians of the Argentine, Brazilian, Paraguayan, and Uruguayan foreign ministries, and it was then submitted to the respective countries.

The technicians of the four countries will discuss the topic again during a meeting that will be held in Montevideo before the end of the month, and matters linked to the computerization of the Administrative Secretariat will also be discussed.

Once the draft budget is accepted, it will be implemented as soon as the Ouro Preto protocol is approved and implemented, and the budget will be financed by the four member countries in equal parts.

The sources that were consulted by TELAM-SNI indicated that "the adjustment processes of the region's economies were taken into account in the drafting of the budget, which is indicative of the Mercosur Administrative Secretariat's needs."

Up to the present time, it has been Uruguay that has footed the costs that were generated by the installation and startup of the Administrative Secretariat, which will have its provisional seat on the 12th floor of the Transport and Public Works Ministry.

From the signing of the Treaty of Asuncion up to the present time, the Uruguayn Government has paid out $5 million.

The Administrative Secretariat currently has 23 employees, of whom 20 are Uruguayan personnel who used to work in other state institutions.

An Argentine, a Brazilian, and a Paraguayan also work in the secretariat. These three officials used to work for their countries' respective delegations to the Latin American Integration Association (ALADI).

The draft budget contemplates an increase from 23 to 50 employees, but the number of employees from each member country has not yet been established.

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Cuba

Raul Castro Praises FAR Civilian Workers

PA1809193095 Havana Radio Rebelde Network in Spanish 1700 GMT 18 Sep 95

[From the "National Radio News" newscast]

[FBIS Translated Text] Army General Raul Castro has highlighted the contribution of workers in maintaining the defensive capacity of the country in a letter sent to workers of the FAR [Revolutionary Armed Forces] Civilian Workers Union, who will commemorate their anniversary tomorrow.

With more details on the ceremony marking this anniversary in Sancti Spiritus reports Humberto Concepcion:

[Concepcion] At the ceremony, Division General Nestor Lopez Cuba, chief of the Main Political Directorate of the Armed Forces, disclosed the letter by the minister, which highlights the support of FAR civilian workers in maintaining the combative capacity of the country.

Meanwhile, Jose Antonio Roque Arias, secretary general of that union, defined Sancti Spiritu FAR civilian workers as an inspiration to workers from elsewhere around the nation for their continued persistence, which has taken them to earn such recognition four times.

At the ceremony a solidarity message was presented by a delegation of workers of the French military industry, who, according to their maximum leader, expressed their rejection to the U.S. blockade against Cuba and the nuclear tests developed by that European nation in Mururoa atoll.

Armed Forces Science, Technology Forum Opens

FL1909022095 Havana Cuba Vision Network in Spanish 1630 GMT 18 Sep 95

[From the "NTV" newscast]

[FBIS Translated Text] The Cuban Armed Forces have not lost their powerful military potential and organization in spite of several years of clear shortages and a noteworthy budget reduction. The innovators' movement has had an important role in finding prompt solutions to particular problems. This became evident at the opening sessions of the Revolutionary Armed Forces' [FAR] 10th Science and Technology Forum.

Division General Luis Perez, the highly experienced chief of Military Industries, stated that the forum has become essential.

[Begin Perez recording] The forum is one more tool that allows us to guarantee the Fatherland's defense and maintain the FAR's combat readiness, and particularly weapons and equipment readiness. [end recording]

This is supported by the more than 20,000 solutions presented. Another good example of this is the forum held recently at the military enterprise, Desembarco del Granma. This forum included solutions, ranging from the simplest, yet no less important, to truly complex ones. It ranged from tasty wartime tamales made with plantain peels to procedures for quick installation of diesel motors to replace fuel hogs. The implementation of solutions has increased proportionate to the number of solutions, something which General Perez finds rewarding.

[Begin Perez recording] Implementations number over 8,000. It is not simply a matter of [words indistinct] [end recording]

Economists Release Book Proposing Market Measures

PA1609171995 Havana PRENSA LATINA in Spanish 0224 GMT 15 Sep 95

[FBIS Translated Text] Havana, 14 Sep (PL) — The authors of the book "Cuba: Restructuring of the Economy," who are Cuban economists, today proposed to modify this country's socialist system with regulated market economy measures.

One of the book's author, Julio Carranza, deputy director of the Center of Studies on America, has said that the book, which was released this afternoon, offers an integral vision of Cuban economic reforms.

The two other authors of the book are Luis Gutierrez and Pedro Monreal. Carranza said the book's objective is to propose ways out of the Cuban economic crisis and to promote a public debate on the issue and describes neither the difficulties nor the origin of the problems, aspects that have already been discussed.

Restructuring is neither the only proposal nor, perhaps, the best proposal, but it can contribute to the national debate, the economist said.

In the second chapter, the book analyzes perceptions of Cuba by U.S. experts, who were criticized for assuming erroneous premises not based on the country's true situation.

Carranza said: This is about reconstructing the socialist option based on structural adjustments, a transition period, which should last from one to three years, toward a regulated market, and the decentralization of the economy.

One of the book's annexes deals with the process of perfecting military enterprises. Another deals with

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inflation in the 1970's and during the past five years, with the need to unify monetary circulation, and the relationship between monetary, fiscal, and exchange policies.

The book published by the Ciencias Sociales Editorial House affirms in its epilogue: "The future of several generations of Cubans depends to a great extent on what is being done now in the economics field."

Sugar Minister Discusses Goals for 1995-96 Harvest

PA1609172095 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 16 Sep 95

[Report by Bernardo Espinoza at Ciego de Avila; from the "NTV" newscast]

[FBIS Translated Text] During a meeting to assess the preparations for the upcoming sugarcane harvest in Ciego de Avila, Cuban Sugar Industry Minister Nelson Torres called workers to face current adversities by increasing the quality and the efficiency of their work. The discussions at the debate were centered on the need to restore technology discipline, starting from the moment of the initial cut. [passage indistinct]

The people at the meeting also broached the issue of the new comprehensive control system that will be implemented at all the sugar mills in the country as of the next sugarcane harvest. The measure will be furthered by analysis control offices at each mill and will be vital to the attainment of higher levels of efficiency.

The minister also alluded to the delays in the planting program, mainly due to the rains. Camaguey, Ciego de Avila, Pinar del Rio, and Villa Clara, he said, are the provinces that need to find solutions to this problem.

[Begin unidentified speaker recording] We are asking for much more operativeness, boldness in decisionmaking, on-the-spot decisionmaking, a little bit here, a bit there, communications. That is why I say that we, together with the rest of the technicians, workers, comrades, have to see [word indistinct] the preparation of the land at several places. We have no other choice. [end recording]

Together with the planting program, the officials at the meeting reiterated on the need to maintain the repair schedule and for workers to know the value of the resources that the country places in their hands to get the next planting program to start on time.

New Tourism Workers Union Formed 17 Sep

PA1809042495 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 18 Sep 95

[Report by Maria del Carmen Diaz from the "NTV Newscast"]

[FBIS Translated Text] The Tourism Union was formed on 17 September in Santiago de Cuba, as part of the process preceding the first congress of the new workers organization to be held 28 October in Havana.

[Diaz] In Santiago de Cuba, the forming of the Tourism Workers Union started on 17 September with the holding of the first provincial conference, which Pedro Ross Leal, member of the Communist Party of Cuba Politburo, presided. The delegates reached significant agreements regarding the new concepts that will rule the sectors's emulation movement, aimed at obtaining better economic indicators, more professionalism, and more discipline. They are trying to reach the efficiency and excellence the tourism sector requires to have the conditions to contribute with the foreign exchange necessary for the development of the economy.

The conference [words indistinct] the provincial tourism union, which will be headed by Orlando [words indistinct].

Finally, the most outstanding groups and workers in the [words indistinct] were encouraged. At the end, Ross said that the Tourism Union essentially emerged to make its workers more efficient.

Tourism Union Speaker Comments on Tip Donations

PA1709133195 Havana Radio Rebelde Network in Spanish 1155 GMT 15 Sep 95

[Interview with Rolando Fernandez, National Labor Union of Tourism Workers member, by Eduardo Jimenez; place and date not given; from the "Doing Radio" newscast]

[FBIS Translated Text] [Jimenez] Good morning, I am here in front of the Hotel Nacional de Cuba. We are trying to get different opinions regarding the controversial topic of tip donations in the tourism sector. I have here with me Rolando Fernandez, member of the organizing committee of the National Labor Union of Tourism Workers, who has also participated in this debate, not only in the Doing Radio newscast, but also throughout the national media. Good morning Rolando. What is the point of view of the CTC [Cuban Workers Federation] regarding this topic?

[Fernandez] The point of view of the National Labor Union of Tourism Workers, the congress of which

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we are going to hold on 28 October, is that this is undoubtedly a controversial issue. All those writing or speaking before a microphone have a different opinion. I also want to give my opinion. I believe that to get the workers' opinion, one has to undoubtedly meet with the workers. We have to find out what their opinion is. The workers have courageously presented their viewpoints in an assembly, and they have defended their positions on tips since 1993. Undoubtedly, we are talking about various methods being presented. The methods should be discussed in an assembly. In the beginning, there were certain problems, which were later resolved as the people gained experience. Undoubtedly, today we have collected more than $1.5 million, which have been donated for public health services and for the cancer treatment program, which is so important. I believe this is a gesture that shows the make-up of our workers. As we have said before, it does not mean problems do not exist in certain areas, but I believe that more than 60,000 tourism workers in the country made their donations thinking about what they owe the country for these 35 years of Revolution.

[Jimenez] What is being discussed — and this is not the personal opinion of any journalist, but the opinion of the people interviewed — is that the tip donation process has been hurt by certain formalisms that limit the political, ideological work and even the voluntary nature of the donation.

[Unidentified announcer] Eduardo, Eduardo.

[Jimenez] Yes.

[Announcer] The companero who is talking, the companero from the CTC said there are various methods for making the tip donations.

[Jimenez] Yes.

[Announcer] I would like him to mention some of those tip donation methods.

[Fernandez] Some groups of workers, for example, promised to donate certain percentages for direct and indirect services and another percentage for public health. Some groups promised to donate 30 percent for public health, others promised to donate 40 percent, others 20 percent.

[Announcer] Those are the quantities, but what is the method?

[Fernandez] The prevailing method was to donate 10 percent of the tips to the health sector. They later realized they could make more donations and they did. In certain areas, in certain activities, the workers themselves — taxi drivers for instance — agreed during a taxi drivers assembly to donate a fixed amount.

[Announcer] They agreed on this as a group?

[Fernandez] They agreed to include this decision in their group contract. Other workers, such as bell-hops agreed to give fixed amounts. This has been discussed several times with the bell-hops. We have personally talked about this with the bell-hops. Everytime they have requested an analysis on how to distribute the tips, we have come here to talk. They asked for a meeting, and a meeting was held with all the hotel workers, and the method was changed, but the method is changed or modified only if an agreement is reached. It is the group that finally makes the decision on what method is to be used to distribute the tips.

[Jimenez] This is the opinion of the National Labor Union of Tourism Workers, through its representative Rolando Fernandez.

[Fernandez] I would like to add something very important. We are available and willing to discuss any viewpoint on the matter. We believe the discussions should be held with workers, who are the source of any ideas and of the marvelous donations made by our tourism industry workers. We are certainly going to donate $1 million more for the health sector, which is what our people need.

Over '340 Violations' Detected in Farmers Markets

PA1609041395 Havana PRENSA LATINA in Spanish 0002 GMT 14 Sep 95

[FBIS Translated Text] Havana, 13 Sep (PL) — Government authorities of this city today disclosed having detected more than 340 violations of the regulations by sellers and vendors in the farmers markets of the territory during a recent inspection of these establishments.

Despite the previous control announcements made by the end of August in 38 of the 40 farmers markets that exist in the capital, hundreds of judicial actions, fines, and warnings resulted from the investigation. This situation was discussed this Wednesday [13 September] in a meeting of government leaders with farmers markets administrators.

According to AGENCIA DE INFORMACION NACIONAL (AIN), those responsible for the farmers markets admitted most of the irregularities.

Among the offenses discovered were the sale of products without a commercial registration number, the sale of products without paying taxes, sellers without a license, price violations, and tampering with balances.

Even with the deficiencies noted, from October 1994 (when this form of market with liberalized prices was authorized) until last August, in the establishments

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located in the capital, sales totaling 857.8762 million pesos were reported and nearly 67 million pesos worth of taxes were collected.

City Mayor Conrado Martinez argued in favor of the legality of this commercial activity and urged those involved to proceed with caution, rigor, and discipline in the fulfillment of the regulations.

Meanwhile, Miguel Sanchez, Communist Party leader in Havana, asked the population to reject all forms of illegalities and to safeguard the farmers market, for they represent an important option to alleviate the food needs of the Cuban population.

The government of this city announced that further inspections of these markets will be made—in places where private farmers, cooperative members, and the state sector sell their products.

'Straight Talk' on Foreign Investment Law

FL1509200895 Havana Radio Rebelde Network in Spanish 1600 GMT 14 Sep 95

["Straight Talk" program with host Osvaldo Rodriguez and guest correspondent Fernando Davalos]

[FBIS Translated Text] [Rodriguez] I would like to resume discussion of the new Foreign Investment Law. What kind of impact do you think this law will have on foreign investors?

[Davalos] Good afternoon. The law is crucial. The law — its legal text — its not a secondary issue; it is absolutely fundamental. It so crucial that perhaps it would be wise for foreign investors' lawyers to examine the law before any decisions are made. The new Foreign Investment Law recently approved by the National Assembly of the People's Government will soon become effective, and will replace Decree-Law 50, which is currently valid. Cuba has never lacked laws to protect foreign investors. Such laws are essential to set guidelines, determine how far investors can go, and establish their prerogatives, requirements, and duties. Investors cannot make decisions until they know the text of the law.

[Rodriguez] So far, investors have been governed by Decree-Law 50 guidelines. The new Foreign Investment Bill introduces substantial changes. Do you believe it offers sufficient incentives to attract new capital and foreign investors to Cuba?

[Davalos] That is precisely the goal of the new law — to make Cuba a competitive market in the region.

[Rodriguez] What kind of incentives does it offer?

[Davalos] In the first place, foreign investors are offered safeguards. Decree-Law 50 already provided substantial guarantees, and protection in two fundamental sectors: profit remittance, as well as capital remittance when enterprises ended operations in Cuba. Investors could therefore withdraw the profits they had legally earned or the money they invested, once their contract ended. There are other guarantees as well. Investors are protected by the law, which does not consider expropriation, except in the case of social interest. And I want to warn of something....

[Rodriguez, interrupting] I believe this is an interesting topic.

[Davalos] It is noteworthy that expropriation will not occur except in the case of social necessity. This is nothing new either. The 1940 Constitution, which can be considered a liberal constitution, included a clause about forceful expropriation. This legal clause is also included in all constitutions worldwide. In Cuba, expropriations are possible, but only after due compensation. It is not just a matter of confiscating property and that's the end of it. The law calls for prior compensation.

[Rodriguez] This is commonplace, so it will not have an effect on investors....

[Davalos, interrupting] I repeat: It is nothing new.

[Rodriguez] What about incentives?

[Davalos] First of all, investors know they can take their money out if the business does not prosper. They will also be able to send money [remesar] abroad, not necessarily repatriation, as it has sometimes been called, because money might not come from the investor's home country. We can therefore say that Decree-Law 50 and our new law both allow investors to automatically transfer funds abroad. They can freely transfer any profits, without obstacles or taxes.

[Rodriguez] What about taxes?

[Davalos] Taxes are going to continue, as stipulated by Decree- Law 50. You might have heard the term, fiscal heaven. Panama or Cyprus might be considered shipping heavens, but the term does not apply to Cuba, which is not a fiscal heaven, no doubt about that. It is important for everyone to know this. The new law offers fiscal advantages to attract more foreign investors. However, the term, fiscal heaven, which is known worldwide and applies to places where enterprises can settle, pay hardly any taxes, and do whatever they please, will not apply to Cuba. We respect investors and tell them up front this will not occur in Cuba....

[Rodriguez, interrupting] Does the law establish these exemptions?

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[Davalos] Indeed. The law establishes exemptions in certain sectors that Cuba might want to develop. The new law also allows for so-called direct investment, by which the foreign investor owns 100 percent of the investment. In such cases, they must comply with the fiscal system in effect. Of course, they have the advantage of setting up a factory on their own, without any participation by the Cuban state or private Cuban capital.

[Rodriguez] You mentioned factories — I believe this is interesting because we have seen the situation with foreign investment in a country very close by: Mexico. What about what has happened in Mexico? How do we avoid the fleeting capital that stops by for the summer and leaves in winter? What measures has Cuba taken, or what is being contemplated by this law to avoid this type of thing, by which an investor makes either a large or a small, but not a lasting investment, and the money is quickly withdrawn?

[Davalos] First, do not think that fleeting capital, adventurers, or even con artists are not going to come to Cuba. As you might remember, at the National Assembly of the People's Government session, Fidel mentioned, although he did not get into the details, that all types of people have contacted us, even provocateurs and CIA agents, to waste our time. We cannot prevent someone who is seeking only to tease us from landing in Boyeros.

[Rodriguez] My question is: Are conditions such that that person can set up business?

[Davalos] The safeguard that prevents that from happening is the organized character of this process — its careful, rigorous methodology. This is beneficial to both sides. It not only protects us, but it also protects serious investors, businessmen seeking to make serious investments here, seeking to help us and help themselves. We have to keep in mind that they are not coming here out of the goodness of their heart.

[Rodriguez] They are not after solidarity alone, although that may also be part of their reason.

[Davalos] They are not missionaries who come to Cuba to preach. They are business people with serious intentions. The organized character of the process guarantees that no adventurers will arrive with fleeting capital. There have been a small percentage of enterprises created that have later vanished. They did not prosper because foreign partners did not comply with their obligations. A careful process will prevent this situation from occuring, and will deter those wanting to come to just to test the waters. We are going to study each case individually. Also, according to the new law, any investment must be approved by the Council of Ministers Executive Committee or by a commission, thus creating a command structure. Cuba is not alone in this regard. Foreign investment must be authorized by government in Chile and in other nations, although other countries only register foreign investors, then allow them to do as they please.

[Rodriguez] We have discussed taxes, the amount of investment allowed — which can now be 100 percent — and we also discussed advantages. Perhaps it is now time to make a personal assessment of the law's short-term prospects. The commander in chief warned us that we will not have an avalanche of investors right away. Nevertheless, some investors may arrive in response to this law. I believe there are many businessmen waiting to study the law before investing.

[Davalos] I want to mention a very interesting additional detail: the terms established for project approval. Decree-Law 50 did not include any provisions for this process. The new law states that prospective investors must receive an answer within 60 days after they apply at the Foreign Investment Ministry. This is very important because in the past, seeking to be very careful, the process has been slow and has created annoyance, apprehension, and delay. Businessmen say that time is money, which is very true. The new law therefore calls for a short-term response. It is also an interesting fact that Cuba and its foreign partners will determine the investment percentage. Decree Law 50 established a 51-percent share for Cuba, and gave the foreign partner a 49-percent share.

The partner currently decides the percentage they wish to invest; the law has great flexibility.

Regarding the new law's short-term prospects, we can say that there are expectations because it has just been passed. Businessmen might respect Cuban officials and leaders, but they need to read the legal text, which is not yet ready, before making any decisions. A commission is giving the text its final touches, and will later be published in the official gazette. There is great eagerness for the final text.

[Rodriguez] I recently spoke to some Spaniards, who were telling me that the new Foreign Investment Law has been welcomed in Spain. Do you believe that most of the investors will come from Europe? What will be the effect of this law on U.S. businessmen?

[Davalos] There were many U.S. reporters, observers, lawyers, and media coverage when the ANPP met to discuss the law. There are also expectations in the United States, where the Helms-Burton Bill continues to cause friction. Results may be modest, but there are over

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300 businesses already engaged in discussion, which is an indication of how good prospects are.

[Rodriguez] Thank you.

Anguilla

Hoole Appointed To Replace Shave as Governor

FL1809164895 Bridgetown CANA in English 1551 GMT 18 Sep 95

[FBIS Transcribed Text] The Valley, Anguilla, Sept 18, CANA — Chief Minister of Anguilla Hubert Hughes has applauded the appointment of a former Attorney-General here to succeed out-going Governor, Allan Shave whose tour of duty has been extended by a month to October 31 in the wake of Hurricane Luis.

Shave's successor will be Alan Hoole who served as Attorney-General here from 1983 to 1985, and from 1989-1990.

Hoole, who until recently was Governor and Commander-in-Chief of St Helen, also served as Deputy Governor in this British dependency from 1990 to 1991.

Among Hoole's other appointments in regional British dependent territories was Chief Secretary in the Turks and Caicos Islands from 1986 to 1988.

"I would have been very disappointed if Her Majesty's government had not sent Alan Hoole to Anguilla as Governor. I had indicated to them in no certain terms that Anguilla needs a Governor who has the confidence of the people of the island. And I think all shades of opinion in Anguilla will be very happy that the British government has acceded to our sentiments," Hughes told CANA.

According to Hughes, the in-coming Governor knows Anguilla very well, "and at this point time in our history, we do need that type of British diplomat, that type of British personality who can and will sensitise himself to the needs of Anguilla."

The chief minister's relationship with out-going Governor Shave can best be described as "lukewarm".

"I think the Governor has some problems. His problems were as I indicated to the Minister responsible for the Dependent Territories that he had not been able to maintain a psychological distance between himself as Governor of Anguilla and certain social private groupings on this island. And as such he has lost the credibility to do an unbiased job in Anguilla," Hughes said.

Hughes has been unforgiving of the Governor for his decision to appoint defeated opposition Anguilla National Alliance (ANA) candidate at the March 1994 general elections here David Carty has as the second nominated member in the island's House of Assembly. [sentence as received]

According to the British constitutional convention, "you cannot impose a person on the people after the people have rejected that person at the polls." Hughes recounted.

Bahamas

Investigation of Former Ministers Recommended

FL1809164995 Bridgetown CANA in English 1615 GMT 18 Sep 95

[FBIS Transcribed Text] Nassau, Bahamas, Sept. 18, CANA — Two cabinet ministers in the former Progressive Liberal Party (PLP) government of Sir Lynden Pindling are among a number of principals that have been recommended by a Commission of Inquiry to be investigated.

The commission, appointed in February 1993, to investigate the affairs of Bahamasair, The Bahamas Telecommunications Corporation (Batelco) and the Hotel Corporation, concluded that former Cabinet Ministers Philip Bethel and Darrell Rolle should be investigated with a view to prosecution for receiving bribes in the purchase by Bahamasair of Dash-8 aircraft from Boeing De Havilland of Canada.

Rolle and Bethel, both Opposition members of Parliament, served as chairmen of Bahamasair during the 25-year rule of the former Progressive Liberal Party government.

Headed by former Barbadian Chief Justice Sir William Douglas, the Commission also recommended the immediate replacement of Batelco General Manager Barrett Russell and the termination of the appointment of financial controller Diedre Pinder for incompetence.

As well, it recommended an investigation with a view to prosecution of businessman Edward Williams and banker Frederick Murray in connection with the sale of the Dash-8 aircraft, and of former Bahamasair employee Horace Pierre for receiving kick-backs.

The commission recommended that another ex-Bahamasair employee, Henry Woods, be investigated for allegedly receiving kick-backs and the improper use of company resources.

Prime Minister Ingraham said in a communication to the House that the Government, which appointed the commission after taking office in August, 1992,

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has reviewed the two reports and fully accepts the recommendations of the commission.

The Prime Minister also requested all government agencies to review their practises against the conclusions reached and recommendations made by the commission, and to take action to ensure that their performance can endure the light of public scrutiny.

Other members of the Commission, set up at a cost of 2.8 million, is Trinidad and Tobago businessman Gerald Montes de Oca, and Edwin Minnis, a Bahamian chartered accountant residing in Scotland.

The commission's report on the Hotel Corporation has been delayed pending the outcome of an appeal to the Privy Council seeking to overturn an Appeal Court's ruling that prevented the commission from examining the bank account of former Prime Minister Sir Lynden Pindling, a former chairman of the corporation.

The reports of its inquiry into Batelco and Bahamasair were presented to Governor-General Sir Orville Turnquest on August 18, and tabled in the House of Assembly by Prime Minister Hubert Ingraham on September 13.

The commission found that a substantial portion of a commission for consultancy services in the sale of the Dash-8s was paid out within the same time frame in roughly similar amounts to close relatives Bethel and Rolle.

Barbados

Diplomat Warns U.S. Regarding Banana Regime

FL1809180995 Bridgetown CANA in English 1709 18 Sep GMT 95

[By Rickey Singh]

[FBIS Transcribed Text] Bridgetown, Barbados, Sept 18, CANA — The American Government has been warned by a leading West Indian diplomat against affecting both its own interest and that of the Caribbean Community (Caricom) in moving to derail this region's special banana regime with the European Union.

The warning has come from St.Lucia's ambassador to Washington, Dr. Joseph E. Edmunds, current dean of the Caribbean diplomatic corps in the US capital.

According to correspondence made available to CANA, ambassador Edmunds has openly taken issue with the former US Trade Representative, Clayton Yeutter, on America's apparent determination to force the European Union (EU) to scuttle its preferential banana regime with the banana exporting countries from Caricom.

The West Indian diplomat was at the time responding to a recent article in THE WASHINGTON TIMES newspaper by Kantor's predecessor, Clayton Yeutter whose support has been tapped by US corporate interests demanding the termination of the preferential regime extended to the Caribbean by the EU under the current Lome Convention.

Yeutter, a former agriculture secretary in the previous George Bush administration, argued in his article that the EU's banana regime, the basis of a Section 301 action by the USTR, "amounts to the expropriation of US investment".

According to Yeutter, once a high profile US diplomat in negotiations with the Caribbean region, by maintaining its preferential banana regime, the EU was placing its market 'off-limits' for American firms, a policy the former USTR feels, that should be "countered aggressively".

But, reflecting the common stand of the Caricom banana exporting countries, envoy Edmunds said such "strident assertions are completely misplaced".

As part of the 66-member African, Caribbean and Pacific (ACP) group of the EU's Lome Convention, the Caribbean and its ACP partners have been permitted to maintain, but cannot increase, their market share of some 15 percent of total EU banana imports.

"This is not aimed at victimising US firms or indeed firms of any particular nationality," Edmunds said.

At present, the USA controls over 60 percent of the EU banana market through the importation of the fruit from Central and South America, exported principally by three US multi-nationals, Chiquita, Dole and Del Monte.

As Edmunds has "Caribbean and other ACP banana producers pose no threat whatsoever to US commerce. US employment dependent on the international trade in bananas is insignificant, compared with the Caribbean region where, in the Windward Islands, over 50 per cent of the work force depends on that industry ...."

The West Indian diplomat feels that if the US were to win its case against the banana regime at the WTO, the social, economic and democratic governments and institutions of the Caribbean "would be destablised" in the process.

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Dominica

Government Declares Agriculture Industry 'Disaster'

FL1909000995 Bridgetown CANA in English 1945 GMT 18 Sep 95

[FBIS Transcribed Text] Roseau, Dominica, Sep. 18, CANA — The Dominica Government has declared the island's agriculture industry as a "disaster situation," following the passage of Hurricane Marilyn last Thursday [14 September], and Luis before it.

"We are not going to have any income from agriculture for a long time, and it might even be a situation where there is going to be pressure for food a little later on," Prime Minister Edison James said over the weekend after his cabinet toured the worst-hit area, the East Coast. As far as what he saw of the housing stock, James said, "it suggests that there have been some severe damage to many houses." The east remains without electricity because of downed poles by the heavy winds of Hurricane Marilyn.

James has indicated that he is not yet prepared to give a figure on the cost of damage to both agriculture and housing because he wants to be "responsible in this regard." The government said assessment for damage of assistance from donors has to be based on empirical data. It had estimated that Luis alone caused damage to agriculture and infrastructure to the amount of EC150 million (1EC = 37 US cents); bananas had suffered 90-percent destruction.

James said his administration had begun to address the crisis and that they are now looking for a package of assistance in order to deal with the situation. The British Development Division, the European Union (EU), the United Nations Development Programme (UNDP), and the Organization of American States (OAS) are among a number of institutions being approached.

The James administration is being accused by both opposition parties in Parliament of not taking a united approach to dealing with the situation and moving too slowly in requesting international assistance for the battered island.

Opposition Dominica Labour Party (DLP) leader, Rosie Douglas, said he has taken the initiative and is seeking British aid for Dominica. Douglas said he has had a telephone conversation with British Parliamentarian Bernie Grant to discuss what kind of help Dominica will need and ways in which this help can be sought.

And the Dominica Freedom Party (DFP), which ruled the country for the past fifteen years, has offered its assistance to the government to secure aid for the island.

DFP leader Brian Alleyne pledged his party's assistance as he expressed his concern about the accumulation of disaster which have taken place over the past days.

"We've offered and continue to offer the support of the party and its members to the government. The contact and expertise we have developed over the years in government could be of invaluable assistance in the response and rehabilitation efforts," Alleyne said.

Agriculture Minister Peter Carbon said the lesson learnt from the storm is that Dominica must plan the economy, taking the hurricane season into account.

"Our agriculture must be organised to ensure that when the hurricanes come, no matter what, we can survive ... maybe our banana production should be geared at harvesting most of our crops before the hurricane ... I think we need to look at it," Carbon said. He suggested that the farming community plant more vegetables and root crops before the storms so that a lot of food will be available in the event of a disaster.

Prime Minister James is now calling on Dominicans to recognise that they have now to continue building the country in the wake of the last two consecutive hurricanes that have devastated the island.

"We cannot throw our hand up. So let's get back to business and we as a government are prepared to put every effort that we can into the whole reconstruction process. We are making every effort to have the funds available to do the work that has to be done," James said.

Grenada

GBC Director Denies Censorship Charges

FL1809164495 Bridgetown CANA in English 1540 GMT 18 Sep 95

[FBIS Transcribed Text] St. George's, Grenada, Sept 18, CANA — Acting managing director of the state-owned Grenada Broadcasting Corporation (GBC) Cecil Benjamin has denied any political interference from the New National Party (NNP) government.

Benjamin, speaking at a press conference, said he was not aware of any government minister or official giving any directives to any member of staff.

"There is no political interference from the present administration. We have been accused of many things but I can say it here that there is no truth to any of them," Benjamin said.

"The NNP administration has also been accused of trying to muzzle the press and I can say here now

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without fear or favour that since coming into being of the new administration I have spoken to the prime minister only on one occasion."

Benjamin was responding to charges of government censorship at GBC from the opposition National Democratic Congress (NDC) and the GRENADA TODAY newspaper.

Haiti

Foreign Missions' Election Day Assessments Noted

PA1809204195 Port-au-Prince Radio Metropole in French 1900 GMT 18 Sep 95

[FBIS Translated Text] The OAS mission sent to observe yesterday's elections has reported that participation ranged anywhere between five and 59 percent at any given time during the voting. OAS observers deployed nationwide noted several minor election day incidents. Although the second round of legislative and local elections unfolded in relative peace, members of the UN Mission in Haiti deployed nationwide reported several minor incidents involving candidates and voters trying to disrupt the voting. One candidate was arrested in Miragoane, while the national police apprehended five individuals in L'Estere.

CEP President Assesses Election Day

PA1809161595 Port-au-Prince Radio Galaxie in Creole 1000 GMT 18 Sep 95

[From the "Let Us Sit Down To Talk Newscast"]

[FBIS Translated Text] How did the 17 September elections unfold in Haiti yesterday? In an assessment presented to the press at the end of the polling day, Provisional Electoral Council [CEP] President Pierre Michel Sajous said there was average participation in Port-au-Prince whereas the participation was more important in the province cities.

In the same assessment Sajous gave to the press, he pointed out that there are certaom places, such as Terrier-Rouge, where all polling stations were closed very early because the citizens in those areas fulfilled their electoral duty. Sajous also said that in other places such as Trou du Nord the situation was the same, as the citizens fulfilled their duty (?early). (?Consequently), these polling stations were closed a bit earlier. The president of the CEP said the elections had to be suspended in the Bombardopolis area because of thunder in this area.

As regards candidates who did not want to participate in the elections and whose ballots were printed anyway, and whether the CEP will publish their names as winners in case they win the elections — or at least what the CEP will do if they refuse to be senators or deputies — the CEP president answered that should elected representatives refuse to serve, the CEP will have to hold new elections. The following is an excerpt of what the CEP president said yesterday in the (?report) he gave the press.

[Begin Sajous recording] The electoral lists as well were available in the great majority of the Registration and Polling Stations [BIV's]. In this regard, there were not [word indistinct] problems. A poor rate [words indistinct] which in any case did not have any effect on the good unfolding of voting day. We (?have delegates) who went to carry out inspections almost everywhere, especially in the metropolitan area, and we could see that in some areas BIV's were not ready. They also informed us that there are a few places where [words indistinct], but it was nothing extraordinary in comparison with the number of [words indistinct].

Furthermore, there was a lot of thunder in Bombardopolis, causing the elections to be (?canceled) in this area [words indistinct], but in any case the elections were not able to be held there. We noted that [words indistinct] we did not see many representatives of what is called the Monitoring and Electoral Control Unit [USCE] although we actually distributed 275 cards to the USCE. Thus, I do not know if everybody here saw the same thing, but as for us, we did not see many of them in our tours [words indistinct].

As regards the electoral participation itself, we, like everybody else, noted that in the metropolitan area there was rather mediocre electoral participation. On the other hand, the reports we are receiving from provincial towns tell us that there is much greater participation there. Among other things, they inform us that in Terrier-Rouge they ended the voting at 0300 [1900 GMT] because (?elections were over at) all BIV's. So, this is something that indicates that probably in the provincial towns and the rural sections there is a much greater participation than in the metropolitan area. We have not yet received formal (?information). We are waiting for all the compilations to be made so we can see, exactly, the rate of electoral participation (?for us)? [end recording]

As you just heard, that was the president of the CEP, Mr. Pierre Michel Sajous, giving, yesterday, an assessment of the polling day, saying that there participation in Port-au-Prince was mediocre, whereas the participation in provincial towns was much greater. Those were the CEP president's statements.

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Aristide Stresses Importance of Elections

PA1809210695 Port-au-Prince Signal FM Radio in French 1030 GMT 18 Sep 95

[From the "Waking Up" newscast]

[FBIS Translated Text] President Jean-Bertrand Aristide expects a new parliament to take shape following the 25 June and 17 September elections. The head of state responded when asked about questions the majority of party leaders have about the results: We live in a democracy. They can contest this. This is the same democracy that calls on the people to elect new legislators.

The head of state, who visited the polling station near his Tabarre home yesterday, said he wanted to fulfill his civic duty and respect the Constitution. Aristide expressed his hope for a strong turnout on the morning of 17 September:

[Begin recording, in Creole] [Aristide] Article (?58.1) provides every Haitian with the opportunity to enjoy his rights and fulfill his duties. I have fulfilled one of my duties as a citizen.

[Correspondent] What about today's low voter turnout? Do you expect more people to vote later?

[Aristide] More people will vote later.

[Correspondent] Mr. President, what [words indistinct]?

[Aristide] I just said: I am a citizen; I voted as a citizen. The election will pave the way to the kind of Haiti we want. I have participated, just like everyone else. They are doing the same.

[Correspondent] Mr. President, how do you see the future of democracy with these elections?

[Aristide] Pardon me?

[Correspondent] How do you see the future of democracy with these elections today?

[Aristide] Just as I grasped the steering wheel of the car to come here to vote, these elections are like a steering wheel that the Haitian people grasp so that the car of democracy can take them wherever they want [words indistinct] I fulfilled my duty as a citizen, in accordance with Article (?58.1)

[Correspondent] Certain political leaders say that they will not recognize the next parliament.

[Aristide] This is a democracy. They are free to say whatever they want. The new parliament will allow us to do our duty as a people living in a democracy. [end recording]

That is what President Aristide had to say shortly after he fulfilled his civic duty at a polling station not far from his Tabarre home.

Aristide, Gilles Comment on 2d Round of Elections

PA1909022295 Madrid EFE in Spanish 2233 GMT 18 Sep 95

[By Herold Jean Francois]

[FBIS Translated Text] Port-au-Prince, 18 Sep (EFE) — Haitian President Jean Bertrand Aristide said today that the second round of the legislative and municipal elections held yesterday with widespread absenteeism, "is an important step toward democracy."

Aristide emphasized that the members of parliament elected yesterday are "legitimate" and played down the significance of the weak voter turnout.

"If we add up the voter turnout in the two rounds and the partial elections of 13 August, we will confirm that it is more substantial than the turnout in other countries, such as the United States," the Haitian president said.

Aristide affirmed that the Haitian people "do not have a tradition with regard to free elections." Therefore, three elections held in three months is a "record." Aristide added that although the opposition parties boycotted the elections, they will play an important role in the future of the poorest nation in the hemisphere.

Aristide added that he recommends that the new parliament, as its first step, vote to eliminate the Army and approve dual nationality for Haitians, in response to the demands of thousands of Haitians in exile.

Aristide reiterated that on 7 February, he will turn over power and will retire in his home "to write and receive my countrymen."

Regarding the first anniversary of the U.S. intervention on 19 September 1995, which restored him to the Haitian presidency, Aristide said: "We have passed from the dead to the living."

"The coupists that killed thousands of persons are responsible for the intervention," Aristide said.

Meanwhile, the opposition praised the attitude of those voters who did not turn out to vote yesterday. Serge Gilles, president of the National Revolutionary Party of Haiti (PANPRA), said that "the people heeded the call of the parties" in opposition not to vote in the second round of the elections.

In that regard, Gilles argued that the members of parliament elected in the elections "were not legitimate" and foresaw "serious problems" with 46 percent of the

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legislators, although he did not specify what he meant by that.

"I want the international community to understand what occurred in these elections," the opposition leader said.

Paul Denies FNCD Participated in Elections

PA1809163895 Port-au-Prince Radio Galaxie in Creole 1000 GMT 18 Sep 95

[Interview with Evans Paul, former mayor of Port-au-Prince and FNCD spokesman, by unidentified correspondent in Port-au-Prince on 18 September; from the "Let Us Sit Down To Talk Newscast" — recorded]

[FBIS Translated Excerpt] [Paul] The people are listening to the steadfast political parties. The people have followed the watchwords of steadfast political parties like the FNCD [National Front for Change and Democracy]. The people are not blind to this. The people know that these elections pave the way for establishing the policy of selling out the country, or privatization. Everything that happened on 25 June, all the confusion and division the elections prompted nationwide — division and confusion that will not allow us to establish a proper democracy — explain the population's behavior.

In addition to the FNCD's taking an official stand — which we will do in the next few minutes — we want to caution the president and all those concerned about these so-called elections and the so-called authorities that will emerge: These people will not have legitimate authority. The people have not confirmed them in positions of authority. The people have not voted. Nobody should pretend to be a senator or a deputy in this show. The people boycotted this selection. Elections involve competition. There was no competition in this case; therefore, this was not an election but a selection. I congratulate the people for demonstrating political maturity.

[Correspondent] Mayor Evans Paul, we are receiving reports that many candidates from the other FNCD branches participated in the elections. Your response?

[Paul] There are no FNCD branches. There is only one FNCD. Some are defending their personal interests, are being manipulative, are trying to generate confusion, are trying to destabilize the FNCD. The FNCD remains the only credible political force in the country, a political force that always fights on the side of democratic principles and that defends the country's interests, the nation's interests, and the interests of all citizens without pontificating. Many people would like to destabilize such a political force with so-called FNCD members. We know that there is only one FNCD. There is only one thing to say: The FNCD did not participate in the elections. Anyone alleged to have been involved in the elections is on his own. We do not recognize those individuals as FNCD. No one can take those individuals seriously. If someone betrays his party, what's to keep him from betraying his country? [passage omitted]

Jamaica

Patterson Outlines Social, Economic Projects

FL1809212895 Bridgetown CANA in English 1858 GMT 18 Sep 95

[FBIS Transcribed Text] Kingston, Jamaica, Sep 18, CANA — Jamaica's Prime Minister Percival Patterson Sunday [17 September] outlined a range of social and economic plans to improve the development trajectory of the country. Patterson told thousands of supporters on the closing day of his ruling Peoples National Party (PNP) annual conference that his administration would become more involved in public transportation as part of this new thrust.

The government last week registered a new company, Kingston Metropolitan Transport Ltd. to facilitate the government's participation. The prime minister told PNP members that "cabinet has accepted that we will have to be substantially engaged in the financing and operation of the new system. We will be involved for sure in the provision of bus depots and the training of bus crews," the prime minister said.

Government divested the metropolitan bus system in the 1980s after years of heavy losses and widespread inefficiency, but public transportation steadily worsened in private hands. In March, the government tried to organise a revised system involving large franchise holders taking over from individual bus operators, but the attempt failed miserably.

The prime minister said 10 large buses would arrive in the island within two weeks, and another 40 within six weeks, in a bid to ease the shortage of passenger seats in the capital. Special attention would be paid to the plight of school children, he said.

"Our children take the worst of the battering in the present system, and unless we can get them to school on time, all our efforts to make first-rate education available to them will be in vain," he said.

Turning to land distribution, Patterson said he intended to go down as "the leader of the government that placed the most land in the hands of the most people." He said the thousands of acres of government-owned land would go into a pool for eventual "equitable" distribution to "those in need." He noted that the government was seeking to avoid future corrupt practices in the sale of

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government land by the re-organisation of the Lands Department.

Government was also committed, Patterson told the gathering, to far reaching-improvements in the education, health, and housing sectors. He noted that his administration had just completed 10,000 houses in the Portmore area (just outside Kingston) alone, and thousands more were planned under Operation Pride for low-income earners islandwide.

Turning to the economic front, the prime minister said plans were in place to expand alumina plants in order to bring in an additional US400 million in gross earnings per year. Last year the bauxite/alumina sector grossed just over US620 million.

An elated Patterson told the party supporters that in line with a long-standing promise, his government was now in a position to say "goodbye" to International Monetary (IMF) borrowing arrangements on which the Jamaican economy has been heavily dependent since the 1970s. He stressed, however, that his government would ratain the tight economic policies that have become mandatory under IMF agreements in order to ensure economic recovery.

Demonstrators Protest Poor Transportation System

FL1909005895 Bridgetown CANA in English 1957 GMT 18 Sep 95

[FBIS Transcribed Text] Kingston, Jamaica, Sep. 18, CANA — Scores of people blocked roads in the busy commercial centre of Half Way Tree in uptown Kingston early Monday to protest the poor bus system. The demonstration, which lasted about two hours, came just a day after Prime Minister Percival Patterson announced plans for the government to once again play a substantial role in public transportation because of the failure of private operators to provide an efficient service.

The demonstrators, frustrated by their inability to get to work and school, spontaneously moved into the roadways to block traffic in order to vent their anger.

In March, a number of public demonstrations took place in Kingston to highlight the poor transportation system.

Minister Elected PNP Vice President

FL1809164095 Bridgetown CANA in English 1329 GMT 18 Sep 95

[FBIS Transcribed Text] Kingston, Jamaica, Sept. 18, CANA — Jamaica's Local Government Minister Roger Clarke confirmed the perception that he is among the fastest rising personalities in the ruling Peoples National Party (PNP) when he was elected a vice-president at the party's annual conference on the weekend.

Only the powerful and immensely popular Portia Simpson with 2,646 votes out-polled Clarke who earned 2,158 votes.

He came out ahead of two other vice presidents who retained their status, deputy prime minister and Agriculture Minister Seymour Mullings with 2,104 and Agriculture and Mining Minister Horace Clarke 2,040.

Environmental Minister Easton Douglas, (1,185 votes) who also lost out last year and lawyer Enoch Blake (687) failed in their bids to reach the higher echelons of the party.

Former construction minister and long-standing vice-president, O.D. Ramtallie declined another term in office.

Roger Clarke, from St. Elizabeth in southwestern Jamaica, only entered parliament in 1989 but on being given the job of state minister for agriculture gained respect for his handling of the divestment of government-owned sugar factories.

He has developed a reputation for practical, down to earth response to problems and has endeared himself to the "grassroots" of the party.

St. Vincent and Grenadines

Banana Industry Said Under Threat of 'Takeover'

FL1909014695 Bridgetown CANA in English 2112 GMT 18 Sep 95

[FBIS Transcribed Text] Kingstown, St. Vincent, Sept. 18, CANA — Prime Minister of St. Vincent and the Grenadines, Sir James Mitchell, has warned that the regional banana industry is under the threat of a Latin America takeover.

"A Latin American company has been trying, and is almost successful, in purchasing Geest banana operations," Sir James said here. The Vincentian leader did not name the company nor give many other details, but likened his latest twist to "bringing rats to a warehouse."

This was one area down for discussion when Sir James met with his counterparts from Dominica, Grenada, and St. Lucia.

"We will be reviewing the storm situation, the banana situation, maintaining our contact with the British Government, and with the brokerage firm looking after our interests to see how we can resolve this matter. We will not sit idly by and allow our enemies to masterminu

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and control our banana industry,' the Vincentian leader stressed.

It is understood that the West Indies receiving and loading operations, the reception aspect of the banana trade, which takes place at ports in the Windward Islands, is what the Latins are after. These operations are expected to be transferred to the Windward Islands Banana Development and Exporting Company (WIBDECO) this month under the terms of a new contract with the British company, Geest, which markets Windward Islands bananas.

Sir James said while others were busy preparing to shelter from Hurricane Marilyn, he was looking for between 75-90 million pounds sterling "to take over that industry." He said they would do whatever is necessary "to ensure that our industry is not mortgaged, but to make sure that we remain in business."

A restructuring plan for the industry in the four islands, which was expected to be well underway, has been put on hold while the donor community, including the Caribbean Development Bank (CDB) and the European Union (EU), agree with the governments on recommendations contained in a report they commissioned, and which was expected to be up for discussion at the meeting Monday.

Trinidad and Tobago

'Compromise' Ends 6-Week Oilfield Workers' Strike

FL1809181095 Bridgetown CANA in English 1639 GMT 18 Sep 95

[FBIS Transcribed Text] Port of Spain, Trinidad, Sept 18, CANA — Oil workers in South Trinidad ended their six-week-old strike action and returned to work Monday [18 September] morning following settlement on a salaries/wages and increments dispute.

The Oilfields Workers Trade Union (OWTU) led by President Errol McCleod and officials of the Petroleum Company of Trinidad and Tobago (Petrotrin) settled the protracted dispute over the weekend along with Ministry of Labour officials.

The union which was demanding a 12 per cent increase in wages and salaries accepted the seven per cent offer from the company. The union also settled for a cap on Cost of Living Allowance (COLA) at 50 points on the index of retail prices. COLA is based on the rise on the cost of living index.

"We made a compromise last night. We had to settle to end some of the agony, to save the refinery and the company from a whole lot of losses. We have not lost anything. In fact, we have gained some things," McCleod told workers on Saturday evening.

He said among the factors which influenced the negotiating team to accept what turned out to be the final agreement was the poor showing of workers on the picket line.

McCleod said the union went into bouts of negotiations, "not as strong as we would have liked because some of our workers were inside.

"... if at the picket line we had everybody present, then we would not have had to make some of the concessions we made."

He added: "Rather than put the union in a position of strength by a total shut down of the company, workers who chose to work put the union in a position of weakness and surrendered the negotiating power to the company."

Some senior workers who opted to continue working during the strike reported to the police that their homes had been stoned, fire-bombed while threats over the telephone made to their families.

Petrotrin has also promised to deal speedily with any worker who may have been involved in the incidents to intimidate other workers.

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Commentary: Bartlett Heading Toward 'Restoration'

95CA0392A Mexico City REFORMA in Spanish 11 Sep 95 p 11A

[Commentary by Juan Molinar Horcasitas, researcher at National Autonomous University of Mexico's Social Research Institute: "From Puebla With Malice"]

[FBIS Translated Text] The governor of Puebla, Manuel Bartlett, had been behaving more or less discreetly throughout his administration, but he gradually began changing his attitude. Eventually, he launched a political offensive to get himself back into the spotlight of national politics as the leader of a movement to restore the old Mexican political system. For this reason, I think we should not mistake Manuel Bartlett's relative discretion of late for inactivity. Apparently, he was immersed in the preparation of a political offensive, which he revealed in a spectacular speech given in the city of Puebla a few days ago. Whatever Manuel Bartlett does in the next few months will bear watching, because it is clear that his speech is destined to be heard beyond the city limits of Puebla. A creature of political tempests ever since that fateful day on 6 July 1988 when he organized "the fall of the system," which will be associated with his name from now on, no matter how hard he tries to avoid it, Manuel Bartlett is returning to claim his rights.

Manuel Bartlett's lengthy speech is a vigorous defense of his active role as promoter of the PRI [Institutional Revolutionary Party] vote in the municipal president campaigns in Puebla State. He notes that his critics, especially those of the National Action Party (PAN) and of the Party of the Democratic Revolution (PRD), are the true enemies of democracy and federalism, to whose aid he has come.

Let us look at an example of Bartlett's words: "... it is not strange that the protagonists are seeking to adapt the law to their interests and possibilities. Nor is it strange that they are basing that aspiration on their doctrines and ideologies. Thus it is that the PAN and the PRD have for several years now been postulating a false theory of democracy with a view to eroding and destroying the PRI's capacity for popular articulation."

Bartlett contends, moreover, that the opposition's proposals aimed at establishing more equitable conditions of electoral competition are not just foolish, but are even contrary to democratic doctrine and practice and to the freedom of expression. For this reason, he announces that he will continue carrying out his proselytizing activities for the PRI as vigorously as ever.

To understand this open and defiant position of the Puebla governor, one must have some memory. Until a short time ago, Bartlett had been rather discreet in exercising the governorship. And he had plenty of reason to do so. During the previous presidential term, he had to move cautiously. His defeat in the ignominious, rough-and-tumble battle of the *tapados* [the yet-to-be announced PRI candidates] for the PRI nomination, which Carlos Salinas ultimately won, left him in a vulnerable position. Before Miguel de la Madrid decided on Salinas and not him, Bartlett had used every weapon, clean or dirty, that he had in his arsenal to promote his candidacy and besmirch his rivals. And many Salinas supporters would not forgive him.

Bartlett survived, but he had to move cautiously for a while, first as secretary of public education and later as governor of Puebla. Since that time, Bartlett has undoubtedly been concerned as he has watched the PRI's attrition, its internal struggles for the presidential succession (which he once lost), the unfolding of the election (which he organized this time), the beginning of Ernesto Zedillo's administration (in which he is not involved this time), and the unstoppable ascent of the opposition, to the detriment of his own party. But now that the Salinists are mired in disgrace, and as the inexorable election calendar shifts the tide of opposition to his own state, Bartlett has decided to go on the offensive.

The governor's speech could be taken lightly, since it does have a humorous element to it. In the picture painted for us by Manuel Bartlett, the sheep of the democracy that the Mexican political system has so laboriously constructed are in mortal danger, threatened by reformists of every stripe, who are really just wolves dressed in sheep's clothing. To make matters worse, the owner of the flock, that is, the president, is unaware of the deceit, and has even been swayed by the mendacious and heretical arguments of the reformists and the antidemocratic opposition. For this reason, the pastors of the national and popular flock have lost their way, and are doing little or nothing to stop the merciless decimation of the flock that their predecessors made such a great effort to establish. If this were a story of pigs instead of lambs, I would be reminded of a children's book called "The True Story of the Three Little Pigs," written by Mr. A. Wolf.

Nevertheless, I think it behooves us to listen carefully to Mr. Bartlett's message, since this is not a children's story, nor is it directed at children. On the contrary, I think we are witnessing something more serious. To begin with, although Bartlett's speech casts itself as a defensive act, it is really the beginning of an offensive.

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But that is not the main thing. The most important aspect, I think, is the audience.

When Manuel Bartlett addresses Pueblans, or the national press, or the PAN and PRD members who attack him, he is really speaking to another audience: Bartlett is talking to everyone in the PRI, especially the hardliners, who are feeling distressed and shunted aside. He tells them, the "authentic Priists," not the shameful neo-Priists, that they can, nay, that they should continue being Priists in the old style even though the president keeps a "safe distance" from them. Of course, in his speech Manuel Bartlett points out that he is assuming the leadership, teaching by example.

In short, Manuel Bartlett's speech is an appeal that goes over the president's head to regroup those Priists who are dissatisfied with the status quo, to seek a common objective: the restoration of the Mexican political system.

Roundup of Mexican Economic Developments

PA1809180395

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 18 September.

Bank of Mexico reports that its international reserves increased to $15.215 billion on 8 September. According to a U.S. economic report, prices did not increase but dropped by 0.1 percent. By contrast, in Mexico prices for producers increased by 1.65 percent. This means there is a wide gap between the inflations of both countries as measured through the prices for their producers. (Mexico City XEW Television Network in Spanish 0430 GMT 13 Sep 95)

The Mexican consortium Mexican Economic Development has purchased 80 percent of the assets of Tica Bottling Company of Costa Rica for $70 million and Coca Cola Inter-American Corp. has kept the 20 percent of the shares it already owned. (Paris AFP in Spanish 1733 GMT 13 Sep 95; datelined San Jose)

Deputy Juan Antonio Garcia, president of the Finance Secretariat's vigilance commission, presented a report on an audit conducted in 18 central and 55 parastate institutions whereby a number of irregularities were detected. One of the anomalies includes an $11.666-million Contingency Fund, obtained from the sale of government enterprises, which reportedly had been directed to amortize the internal public debt. At the end of 1994, however, this fund had been exhausted, and precisely one of the causes of the December crisis was the internal public debt. (Madrid EFE in Spanish 1730 GMT 13 Sep 95; datelined Mexico City)

In the Federal District, 3,500 small businesses have closed down in the past eight months, with at least 7,000 people losing their jobs. There has been a 40 percent reduction in sales up to August. (Mexico City LA JORNADA in Spanish 14 Sep 95 — received via Internet)

Pemex reported that sales of hydrocarbons and petrochemical products topped $3.576 billion during the first semester of 1995. This amount is higher by $672 million than the same period of 1994 and higher by $698 million than the amount anticipated earlier in the year. Pemex reported that crude oil exports increased from 73 million daily barrels at the close of 1994 to 95 million daily barrels from January to June 1995, an increase of 30.1 percent. (Mexico City NOTIMEX in Spanish 0126 GMT 15 Sep; datelined Mexico City)

The UN Economic Commission for Latin America reports that, after the flight of capitals that took place after the December devaluation, the country "suffers from a severe economic penury, which will turn Mexico this year into the only Latin American with a strong backslide, of at least 5 percent, in its GNP. (Mexico City LA JORNADA in Spanish 15 Sep 95 — received via Internet)

According to the Private Sector Center for Economic Studies, it will be only in 1996 when Mexico's economy will show a "gradual recovery" and interest rates will drop by 20 points. At the end of this year, the country's GNP will drop by 4.7 percent, inflation will be about 50 percent, and interest rates will drop "moderately" in the next four months. The commercial balance surplus will reach $7.6 billion and the average exchange rate will be 6.30 new pesos. These figures will lay the groundwork for a "gradual recovery" in 1996. (Mexico City LA JORNADA in Spanish 15 Sep 95 — received via Internet)

According to a Bank of Mexico report, the portfolio of bad commercial loans totaled 9.685 billion new pesos in the first semester of the year. By June of 1995, the amount of high-risk loans was set at 22.313 billion new pesos, when last year it barely exceeded 10.441 billion new pesos. This means that during the aforesaid period, the percentage of loans considered as high-risk loans more than doubled. The report states that high-risk loans grew by 44.3 percent in six months, going from 15.461 billion new pesos in January to 22.313 billion new pesos in June. (Mexico City LA JORNADA in Spanish 18 Aug)

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Guatemala

URNG: President Threatened Against Signing Agreement

PA1909001095 Paris AFP in Spanish 2244 GMT 18 Sep 95

[FBIS Translated Text] San Jose, 18 Sep (AFP) — The Guatemalan guerrillas charged in San Jose today that there is a plan to assassinate President Ramiro de Leon if he signs a peace agreement with the Guatemalan National Revolutionary Unity (URNG).

URNG Commander Pablo Monsanto said today that the Guatemalan president has been threatened with death if he signs an agreement on agrarian and economic issues with the guerrillas during his term. In an interview with AFP, the URNG leader said on several occasions that an envoy of President Ramiro de Leon indicated to the guerrilla general command that the president wants to sign the agreement but he does not want to be a dead president.

Monsanto said that "the president let it be known to the general command that he wants to approve the agreement on agrarian and economic issues, but he could not do so because he does not want to be a dead president, and he wants to conclude his term."

Nicaragua

Borge Denies Involvement in Plan To Assassinate Cardinal

PA1809153395 Paris AFP in Spanish 0056 GMT 17 Sep 95

[FBIS Translated Text] Managua, 16 Sep (AFP) — Sandinist leader Tomas Borge, former interior minister of Nicaragua, denied this Saturday [16 September] any involvement with a plan to assassinate Managua Archbishop Cardinal Miguel Obando y Bravo, as a former Nicaragua fighter has reported in Tegucigalpa.

Borge affirmed he does not know Emilio Espinal Silva, who this Saturday told Honduras' Radio America that he rejected a proposal by the Sandinist commander to "dispose of" the cardinal in exchange for money while he officiated mass in Managua's cathedral.

"That version is absolutely groundless; it does not have any logical sense; it is irrational," Borge told AFP, while attributing the statements by Espinal to a campaign aimed at discrediting the Sandinist National Liberation Front (FSLN).

Espinal, who was said to be a former Nicaraguan Army member and a former "contra" — adversaries of the Sandinists last decade — stated he met on 23 August with Borge and Lenin Cerna, military-political adviser to the military, who asked him to carry out the plan.

The alleged former adversary also said that he met a day later only with Borge in Managua to discuss more details of the conspiracy, of which he claims to have a recording.

Borge, minister during the Sandinist government, 1979-1990, remarked that in the dates mentioned by Espinal, he was not in the capital and that Cerna was out of Nicaragua, while he questioned the existence of the recording, however, Borge warned this recording may be an imitation of his voice.

Espinal, who reportedly fled to Honduras after refusing to execute the plan, disclosed the existence of the alleged plot to prelates in the Honduran city of Choluteca, who then warned the cardinal.

Amid a wave of attacks against religious centers in Nicaragua — which has been the target of 13 terrorist actions since May — the cardinal denounced on 7 September the existence of a plan to assassinate him and, although he claimed to know the masterminds, he abstained from identifying them.

Borge considered that the archbishop "has been deceived" with the information Espinal secretly provided to the church and on which the cardinal based his report.

"They place bombs and later blame us (the Sandinists) for it," noted the commander, the only survivor of the FSLN founders, upon mentioning that Espinal may be involved in the terrorist actions against churches and which are aimed at "discrediting" the Front.

"How was I going to look for a counterrevolutionary — to plan the assassination — and at the same time have the ability to organize my own confidants to carry out such an action," Borge questioned.

The Sandinist leader concluded that the FSLN has requested a profound investigation on the attacks so that those responsible can be punished "regardless of who they are."

Correction to CSE Members Released in Wiwili

PA1509224795

The following correction pertains to the item headlined "CSE Members Released in Wiwili With CIAV-OAS Aid," published in the 15 September Latin America DAILY REPORT, pages 22-23.

Page 23, column one, paragraph three, make read: ...[Begin recording] [Caramana] The Army immediately...(correcting spelling of name from "Carmana" to "Caramana" here and throughout the item)

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Panama

PDC Arias Calderon Recalls Visit to Cuba

PA1809190295 Panama City EL PANAMA AMERICA in Spanish 17 Sep 95 p 8A

[Article by Ricardo Arias Calderon, president of the International Christian Democrat Organization: "Cuba: A Visit and a Position"]

[FBIS Translated Text] I returned from an 11-day visit to Cuba more than a week ago. My wife, who was born in Havana, accompanied me. She was compelled to emigrate from the island when she was 18 years old because she was a member of Catholic and university groups and was not willing to sacrifice her conscience and outlook to the Revolution which she, like the immense majority of Cubans, favored at the beginning.

We, of course, paid this trip with our own funds. The visit had several objectives. We wanted to visit an 80-year-old aunt who lives in Camaguey. She is almost blind and lives alone in very precarious conditions and no one in the family has been able to visit her for more than 15 years. Together, we wanted to visit several places that Teresita had mentioned so many times during our 30 years of marriage. We also wanted, as president of the International Christian Democrat Organization, to personally see the Cuban people's current reality.

It was an intense visit for us; emotionally draining. We visited Teresita's Aunt Mayita in Camaguey, as well as other relatives and childhood friends. I met with government authorities and with officials from the Communist Party of Cuba, Havana University, National Union of Cuban Writers and Artists, and the World Economy Investigations Institute [Instituto de Investigaciones de la Economia Mundial.] I also met with several of the more well-known dissidents: Gustavo and Sebastian Arcos Bergnes, who participated in the attack on Moncada garrison at the beginning of the revolutionary struggle; Elizardo Sanchez and Vladimiro Roca (son of deceased Communist leader Blas Roca) of social democratic leaning; and Osvaldo Paya Sardina and Maria Valdes Rosada of a social Christian one.

We talked with physicians, engineers, writers, young artists, housewives, and regular, run-of-the-mill workers. We ambled through Havana, days and nights, alone or with personal friends. We also made a trip of more than 500 km to Camaguey. We went to Mass, we ate with an English journalist at a "home restaurant" — a small restaurant in a low-income neighborhood — and explored the Captain Generals Palace with Havana historian Eusebio Leal.

We saw and talked a lot — most of it on our own — during our visit. Upon returning to Panama, I have wanted to summarize what I perceived, thinking exclusively about the fate of the living and breathing people whom I met and listened to — and trying to fathom Cuba's future, not its past, with clarity and affection.

This was my position conveyed in my statements to the news media:

"I verified at first hand the critical situation afflicting the Cuban people. The human wants and restrictions of all sorts underscore their extraordinary tenacity to face adversities and their unyielding resolve to survive as a people. The Cuban people deserve the greatest admiration.

"Everything indicates that the causes of this situation are: the flaws of the nationalized economic model under a one-party political system that had no success anywhere in the world; the collapse of the Soviet Union and the community of Socialist countries, which shared over 80 percent in trade and gave Cuba a substantial support; and the prolonged U.S. embargo reinforced by various additional measures, which makes it difficult for the Cuban economy to stop deteriorating and take new directions.

The Cuban people have the right to better days. As in many other countries, changes have been introduced toward a freer economy. These are real and apparently will continue. Greater and deeper changes should be made.

It is essential that these changes are complemented in practice with the guarantee of civil liberties like legal proceedings, pluralism in information and speech, recognition of nongovernmental organizations, and the right to travel abroad and return..

Is is equally essential to lift the embargo and facilitate Cuba's readmission into the world's economy under the new international conditions. It is understandable and justifiable that the Cuban people want to reach this objective—having respect for their national identity and their sense of social equality developed throughout their own history.

Like other people, Cubans can have a better opportunity to undergo the economic and political changes they yearn for if these are undertaken on the basis of the most open dialogue among fellow countrymen so that changes work with all and for everybody's good, as the Cuban Independence Hero Marti would have said."

After these considerations, I would like to share some thoughts about the policy the Cuban Government pro-

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poses for economic and political changes, about the reality and thought of the Catholic Church in Cuba, and about how those of us who wish a better future for the Cuban people can contribute to it. I will do so on another occasion with the same independence of opinion and with the same deep affection for my wife's fatherland and people.

Costa Rica Targets Panamanian in Arms Trade Probe

PA1809175495 Panama City EL SIGLO in Spanish 18 Sep 95 p 37

[By Blas Julio, special correspondent on the Panamanian-Costa Rican border]

[FBIS Translated Text] A police source here has reported that weapons are being smuggled from Panama to Costa Rica and that investigating units do not doubt that drug traffickers are committing this crime using the Paso Canoa area. Authorities are investigating a former Panama Defense Forces soldier who may be the key figure in this trafficking of weapons. The former soldier also happens to be the brother of a famous Panamanian drug trafficker who the mafia recently murdered, along with one of his relatives, as a retaliatory measure. The former soldier was involved in a drug trafficking case during Manuel Antonio Noriega's dictatorship. The publicity the case received prompted his separation from office. We were able to find out that the routes weapons traffickers use most are routes north and south of Paso Canoa. Consequently, Panama's National Police maintains special vigilance at this border point in an effort to apprehend these and other criminals. The drug traffickers on the border are posing as street vendors of fruits and produce, an activity they carry out in small cargo vehicles they park in the Panamanian area of the aforementioned border. The clues Costa Rican border police, in charge of Sublieutenant Belmonth, may have regarding this case are unknown. However, it was learned that both the Panamanian and Costa Rican police forces are working together in Paso Canoa to fight every border crime. This has made it possible to reduce trafficking in stolen cars, as well as the sale, distribution, and consumption of drugs, over the past few months. The same source indicated that international investigating units in Paso Canoa did not rule out the possibility that two gun-running gangs may be active in Panama, transporting weapons to Central America. These criminal groups may also be receiving the support of corrupt officials in the countries where they operate. Finally, we learned that several international investigating agencies receive complete information about stores and other types of businesses whose owners are, generally, foreign citizens engaged in laundering money from drug trafficking and illegal gun-running activities.

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Argentina

Menem Views 'Draft' Agreement With UK on Oil Exploration

PY1909014595 Buenos Aires TELAM in Spanish 1351 GMT 16 Sep 95

[FBIS Translated Text] Buenos Aires, 16 Sep (TELAM) — President Carlos Menem has analyzed the draft of a cooperation agreement on oil prospecting around the Malvinas Islands put together by the Argentine Foreign Ministry and the UK Foreign Office.

Foreign Minister Guido Di Tella submitted this document to the head of state yesterday during an "unscheduled" 30-minute meeting at the Olivos presidential residence.

Following the meeting, a source close to the Foreign Ministry told TELAM news agency that "Di Tella informed President Menem about the progress of conversations with the United Kingdom."

The same source pointed out that the report in question "was submitted verbally." It nonetheless conceded that there was "a draft" containing "the terms of a possible agreement."

A spokesman of the UK Embassy in Buenos Aires acknowledged the existence "of a paper" containing a tentative outline of a cooperation agreement.

During his talk with the president yesterday, the foreign minister was accompanied by Deputy Foreign Minister Fernando Petrella; Andres Cisneros, Foreign Ministry coordination secretary; and Guillermo Gonzalez, foreign relations under secretary.

Also attending the meeting were Institutional Relations Secretary Osvaldo Castruccio and Alberto Daverede, Foreign Ministry legal adviser.

The aforementioned source further reported that "if negotiations concerning the agreement with Great Britain succeed, Congress will have to approve the agreement."

While declining to make any comments about the content of negotiations between Argentina and Great Britain, the source insisted on the fact that "they revolved exclusively around oil prospecting," thus contradicting press reports claiming that negotiations were about fishing [in the South Atlantic].

The Foreign Ministry source said: "Negotiations with regard to the two issues are totally separate."

Although he conceded that negotiations "will continue through normal channels," he did not rule out "the possibility of a new meeting between both negotiators (Gonzalez and William Marsden) in the forthcoming days."

In any case, before the end of September, Di Tella and his British counterpart, Malcolm Rifkin, will meet in New York on the occasion of the 50th anniversary of the United Nations."

Di Tella Assesses Oil Prospecting Negotiations With UK

PY1909034195 Buenos Aires LA NACION in Spanish 16 Sep 95 p 7

[Article by Foreign Minister Guido Di Tella: "The Negotiations With Great Britain Concerning Petroleum"]

[FBIS Translated Text] Another round of negotiations with the United Kingdom over oil prospecting and exploitation in the sea surrounding the Malvinas Islands is drawing to a close.

Argentina's objective in these negotiations is to sign a cooperation agreement provided two strict and non-negotiable conditions are met; namely, that this cooperation does not undermine in the least our claims to sovereignty over the islands and that it benefits Argentina from an economic standpoint. We do not know whether or not the negotiations currently being held will yield positive results, but we must be prepared to accept with moderation whatever may be the outcome of these or future negotiations.

By moderation, I mean that we do not have to let ourselves be carried away by triumphalism if the results of negotiations work to our advantage, or by unbridled patriotism in the event that as a result of the outcome of the talks, bilateral cooperation is, for the time being, either not viable or inadvisable for our interests.

Over the last few years, Argentina has made great strides in a mature way, and it is this maturity that we have to show once again by taking the agreements — or lack of them — with energy, equanimity, and common sense, even if they seem calamitous. Sovereignty over the Malvinas Islands continues to be the bone of contention in relations between Argentina and the United Kingdom, and it will not disappear regardless of the final outcome of current negotiations.

We will not advance upon our objective by trying to impose our rights with unrestrained speeches or irrational gestures, with rhetoric or verbal pyrotechnics, but rather by acting tactfully and firmly. Both parties' (including the United Kingdom's) behavior will constitute a signal that the world will painstakingly gauge as a measure of our respective maturity.

The resumption of diplomatic relations with Great Britain — undertaken by the Menem administration five years ago — began to close a vast chasm between

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Argentina's international position and the rest of the world caused by the Malvinas war. There was little Argentina could do to further closer ties with the EC (the most powerful regional integration bloc of the world) if it was entangled in a feud with Great Britain, one of the EC's leading partners.

From that moment onward, relations between Argentina and the United Kingdom were pursued by maintaining the issue of the Malvinas "under a common umbrella." Bilateral trade expanded and UK investments in Argentina sharply increased. Our negotiating position, even concerning the issue of the Malvinas Islands, improved considerably.

The way in which we react, not only as a state but also as a society, will have a bearing on the progress of our bilateral relations and on our relations with other countries. In a globalized world, there is very little room for isolating the effects of national conduct.

We must, therefore, make every endeavor to prevent these negotiations — irrespective of their final outcome — from poisoning other aspects of our foreign relations. On the contrary, by adopting a misconstrued patriotism (regardless of whether it is boastful or spiteful), we would only work against the interests of our country. The world will be watching us.

In 1982, immediately after the invasion of the Malvinas Islands, the then military regime in Argentina had the opportunity of making progress in regaining Argentine rights over the islands through diplomatic means. It was possible, at that time, to reach agreement on a joint administration of the islands. Our rulers irresponsibly fanned the legitimate nationalistic feelings of the public and of the military officers, only to receive in return so much pressure that it thwarted any possibility of achieving a rational settlement. War ensued, and there was a retrogression that we are still trying to overcome.

It is well worthwhile to learn from one's past mistakes.

Government Signs Exchange Agreement With Great Britain

PY1809140995 Buenos Aires TELAM in Spanish 1651 GMT 15 Sep 95

[FBIS Translated Text] Buenos Aires, 15 Sep (TELAM) — Argentine and British education officials today signed an agreement establishing a program for the exchange of British and Argentine middle level teachers who will teach English and Spanish in Argentina and the United Kingdom, respectively, for a year.

This is the first agreement to be signed between Argentina and the United Kingdom since they severed diplomatic relations following the Malvinas Islands conflict in 1982. The document was signed by Education Minister Jose Rodriguez and Lord Henley, the British education and employment secretary [name and title as received].

The ceremony took place at the Education Ministry. The document specifies that British teachers will start working in our country as of this month while their Argentine counterparts will start in Great Britain as of next October.

After the ceremony, Rodriguez outlined the importance of the agreement. He said: "Knowledge in the modern world is based on the English language, informatics, science, and technology."

Rodriguez said: "These elements are at the root of all changes and transformations being implemented in the Argentine education system."

The British secretary of state said the agreement signed with Argentine education officials encourages us "to develop links at all levels, particularly at the education level."

The first article of the agreement establishes that "a program of exchange will begin at different middle level education centers" in both countries.

The parties commit themselves "to extend the program in time" as well as in "the quality and quantity of participants."

Article 5 says both countries will "find accommodations for teachers" and "grant them a scholarship with monthly payments."

International Cooperation Director Jose Pinon told TELAM that the government "will select five Argentine teachers graduated in English per year" for the job.

Pinon said the ministry will work with Spanish teachers and heads of English schools, who "will receive a salary of around 800 pesos per month."

Argentine Envoy Praises EU-Mercosur Agreement

PY1609032295 Buenos Aires TELAM in Spanish 1713 GMT 15 Sep 95

[FBIS Translated Text] Brussels, 15 Sep (TELAM) — Diego Guelar, Argentina's ambassador to the EU, today characterized the political agreement between the EU and Mercosur [Common Market of the South] as "historic." The ambassador made this remark at the conclusion of the round of talks held in Brussels between the representatives of the two blocs with the purpose of creating a common free trade zone.

"We have agreed on principles and future mechanisms, which must still be institutionalized at the presidential

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level, to create the adequate framework for an interregional association and a free trade zone by the end of the century," Guelar told TELAM over the telephone.

The ambassador headed the Argentine delegation that participated in the preliminary Mercosur-EU talks. These talks centered on biregional issues and common political positions at international forums.

Guelar stressed that the EU officially recognized Mercosur and praised the clarity of a first agreement between the only two regions in the world that are organized as custom unions.

"We still have a lot of hard work ahead of us. Although future negotiations will not be easy, I want to stress that this is an unheard of agreement — the first one between two regions," the ambassador said.

The round of talks will proceed in Montevideo between 28 and 29 September. On this occasion delegates will concentrate on the commercial aspects of the agreement.

The mixed EU-Mercosur union that will be formed in Madrid in December will establish a set of regulations with the purpose of implementing the mechanisms created between the two regions by the first quarter of next year.

The most important aspect for Argentina — in the long run — will be to obtain an agreement neutralizing European protectionist policies in the area of agriculture. Those policies have hurt local exporters for the past 25 years.

Guelar said that this topic will be "the most controversial item" in the negotiations. However, he stressed the political will to "advance in the creation of this unique experience in history.

Vice President Ruckauf Returns From Visit to Italy

PY1809194995 Buenos Aires TELAM in Spanish 2114 GMT 17 Sep 95

[FBIS Translated Excerpt] Buenos Aires, 17 Sep (TELAM) — Vice President Carlos Ruckauf returned to our country today following a tour to Italy during which he met Pope John Paul II, former Prime Minister Giulio Andreotti, and entrepreneurial groups interested in investing in Argentina.

Before returning to Argentina, Ruckauf said: "Large Italian groups are very interested in investing in Argentina."

The vice president announced: "(President Carlos) Menem will meet, within a few days, delegations of entrepreneurs who are very interested in investing in Argentina."

Ruckauf pointed out: "Entrepreneurs are mostly concerned to see if we can maintain our economic program and our agreements, which, as specifically requested by President Menem, I confirmed." [passage omitted]

Ruckauf, who arrived on an Alitalia flight, will resume his duties as president of the Senate. He will chair a Senate session on 20 September. Ruckauf was accompanied by his wife, Judge Marisa Zapatero.

Organization of New Economy, Public Works Ministry Charted

PY1909035995 Buenos Aires TELAM in Spanish 2056 GMT 17 Sep 95

[FBIS Translated Text] Mar del Plata, 17 Sep (TELAM) — The following is the new organizational chart of the Economy and Public Works Ministry, which will have its secretariats reduced from 12 to eight as of 1 January 1996:

Finance Secretariat (which will absorb the Public Income Secretariat and a part of the Finances, Banks, and Insurance Secretariat).

Economic Programming Secretariat (which will absorb the International Organizations Secretariat).

Commerce and Investment Secretariat (which will absorb the other part of the Finances, Banks, and Insurance Secretariat)

Energy and Communications Secretariat.

Transport and Public Works Secretariat.

Industry and Mining Secretariat.

Agriculture and Food Secretariat (Food is added to the current Agriculture, Livestock, and Fisheries Secretariat).

Legal and Administrative Coordination Secretariat.

Brazil

Minister on Belgian, EU Investment Opportunities

BR1509152695 Groot-Bijgaarden DE STANDAARD in Dutch 15 Sep 95 p 6

[Article by Francis Van Den Berghe: "Brazil Sees Belgium as Key to EU-Mercosur Rapprochement"]

[FBIS Translated Excerpt] Brazilian President Fernando Henrique Cardoso today [15 September] cuts the ribbon at Brussels City Hall for an exhibition on the visit by Belgian King Albert I to Brazil in 1920. The visit marked the beginning of virtually unclouded relations between the two countries. These are now expressed in

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the first visit to Belgium by a serving Brazilian president. This first is not by chance, but "very deliberate" says Brazilian Foreign Minister Luiz Felipe Lampreia. "It is of political-strategic importance. It underscores the hope that relations already excellent will yield more investments and trade." And not only between Belgium and Brazil, but also between the European Union and Mercosur, the emerging common market among Brazil, Argentina, Uruguay, and Paraguay. [passage omitted]

Lampreia believes that the agreement between the EU and Mercosur, for which negotiations began in Brussels yesterday, must not just provide a framework for tariff reductions and the promotion of trade between the two regional blocs; it is also a signal. "We are concerned that the EU, for perfectly understandable reasons, is looking to East Europe and the Mediterranean, and that this is making Mercosur less important." The framework agreement is to be signed in December. Belgium sees such an inter-regional agreement as a political signal, a counterbalance to Washington's attempt to build up an advantageous market for itself in Latin America. This dimension means that the agreement also provides for political dialogue between the EU and Mercosur.

Investments

There are also of course bilateral relations between Belgium and Brazil. For the BLEU [Belgian-Luxembourg Economic Union] Brazil is the most important trading partner in Latin America. Belgium is also the seventh most important importer of Brazilian goods, and 16th on the list of countries exporting to Brazil. Trade between the BLEU and Brazil grew by 35 percent last year. The Brazilian Foreign Ministry reports that it amounted to $1.7 billion. Brazil's exports to the BLEU came to $1.3 billion, and its imports to $417 million. This produced a trade surplus for Brazil, which fell from $963 million in 1992 to $938 million last year. BLEU exports to Brazil have doubled since 1992. Union Miniere, Bekaert, Eternit, Solvay, Pieux-Franki, Raychem, and Sidmar are the BLEU's biggest investors in Brazil.

Ports

Total BLEU investments in Brazil amount to $1.3 billion (almost $600 million from Belgium and some $750 million from Luxembourg). Belgian Ambassador [to Brazil] Cannabrava says that Brazil is currently modernizing its ports and wants to increase cooperation with Belgian ports. There is certainly scope for Belgium to do this. Brazil accounts for 5 percent of the traffic in the port of Antwerp and 20 percent in the port of Ghent. These circles welcome the fact that President Cardoso is pursuing a policy that gives more room for foreign investors.

At the same time, there are calls for clarification of the rules of the game. Is the agreement between Belgium and Brazil on the protection of investments going to be signed during his visit? "That does not seem to be for this occasion," Brazilian sources said yesterday.

Envoy: Economic Stability Improves Image Abroad

PY1809123095 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 15 Sep 95

[Report by Lourival Macedo]

[FBIS Translated Text] The stabilization of the economy improves the image of Brazil abroad and attracts new investment to the country. In the opinion of presidential spokesman Sergio Amaral, what has contributed to this positive image is President Fernando Henrique Cardoso's firm stance on solving serious Brazilian problems such as human rights, hunger and extreme poverty, assistance to destitute children, and the government fight against inflation. Amaral says that although the country was previously criticized for its lack of democracy, for not honoring its debts, and for not respecting the environment, it no longer has to defend itself on those issues.

[Begin Amaral recording] This new Brazil has a president who is respected for the kind of life he leads, for what he has already done for the country, and for his success in defeating inflation. All that will certainly be fruitful for the country. [end recording]

Ambassador Sergio Amaral believes Cardoso's firm stance is creating a new image and respect for Brazil and is granting it more leverage to participate in international decisions, at a moment when the reformulation of the UN Security Council is being considered. In addition, it shows that the country is now stable and offers good investment opportunities.

Finance Minister: Inflation Battle Still Not Won

PY1809133195 Sao Paulo AGENCIA ESTADO in Portuguese 2157 GMT 14 Sep 95

[FBIS Translated Text] Brasilia, 14 Sep (AE) — Finance Minister Pedro Malan today contradicted the belief that the incumbent administration is resorting to a recessionary policy to roll back inflation. Armed with data on buoyant consumption, on employment levels that differ from those released by Sao Paulo State Federation of Industries (FIESP), and a speech against those "who claim that the cost of combating inflation is too great," Malan asserted time and again that Brazil is not enmeshed in a recession. In contrast to President Fernando Henrique Cardoso, who commented on the latest figures of the IGP-M [General Market Price] released

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by the Getulio Vargas Foundation — which show deflation this month — Malan adopted a more cautious position. "We are not crying victory yet. The battle has not yet been won," he said, recalling that projections indicate that the annual inflation will stand at 20 percent, compared with an average 16 percent over the first nine months of the year.

Malan's concern was to moderate market analyses, claiming that inflation fell because the Cardoso administration opted for a recessionary policy. The finance minister said the drop in inflation should not be interpreted to mean that interest rates will drop like a stone. Malan said: "I will not give any advance information to traders." The finance minister said interest rate cuts will continue to follow the same trend adopted since June. "It will be gradual and at the speed the government decides," he insisted. Economic Policy Secretary Jose Roberto Mendonca de Barros, who was also present at the interview, was more explicit about inflation expectations. He said the indications of a downward trend in inflation — which will reportedly be maintained in the forthcoming months — only took into account the first 10 days of the month. The economic secretary said: "This result must be consolidated before the government can consider modifying interest rates."

The speeches of Malan, Mendonca de Barros, and Finance Ministry Executive Secretary Pedro Parente were consistent, each confirming the others. The finance minister said that what he called the "party of weak currency, inflation, and a common front against the national economy" "is still alive." He added that the government must exercise extreme caution when assessing the results obtained so far in the fight against inflation. Malan acknowledged that Brazil is going through a "critical phase," in which the government must regulate economic growth to consolidate the Real Plan. Alluding to pressures exerted on the government to make it lift restrictions on credit, Malan said: "It is the same old story, but we are not going to give in." Mendonca de Barros added: "There is no recession — only a temporary slowdown in economic activity, to guarantee stability."

Parente left one question unanswered: "What was the inflation rate a short time ago, when our country was steeped in crisis?" Mendonca de Barros also rejected the idea that a recession is currently affecting Brazil. He argued that investment levels rose from 15.8 percent in 1994 to 18.5 percent in the first eight months of 1995. He insisted: "No country can experience a recession and at the same time, have its level of investment rise by nearly 3 percentage points." Luis Paulo Velloso Lucas, the newly appointed economic coordination secretary, supports the government's position. He recalled that in Espirito Santo, where he was planning secretary, companies like Vale do Rio Doce, CST [Tubarao Iron and Steel Company], and Aracruz have announced that their investments over the next two years will amount to $1.2 billion. He said: "There are many investment opportunities, but outside Sao Paulo." He also took this opportunity to compare the employment data issued by FIESP, DIEESE [Interunion Department for Statistics and Socioeconomic Studies], and IBGE [Brazilian Institute of Geography and Statistics]. While FIESP says the level of employment increased by only 0.88 percent compared with June 1994, Seade [State Data Analysis System]/DIEESE reports the rise was 5.76 percent, and IBGE says it increased from 2.6 percent to 4.26 percent.

Roundup of Economic Activity Reports

PY1809155195

[FBIS Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 15 September.

PRODUCTION

The Brazilian Institute of Geography and Statistics, IBGE, has announced that industrial production dropped by 2.5 percent in July compared to June. The accrued industrial production drop from January to July stands at 8.2 percent, and from July 1994 to July 1995 at 9.8 percent. Although the July 1995 figure is 0.4 percent higher than that of July 1994, it is the second lowest industrial production figure since the implementation of the Real Plan. The IBGE report shows that transport material production fell by 15.4 percent, durable consumer goods fell by 8.6 percent, and semi- durable and nondurable goods fell by 1.3 percent. Industrial production dropped in 11 areas during the period July 1994-July 1995, the hardest hit areas being leather with a 14.9 percent drop, cigarettes with a 14.9 percent drop, garments with a 13 percent drop, and transport material with an 11 percent drop. The best results were obtained in beverages with a 35.9 percent increase, perfumes with 35 percent increase, electrical and communications materials with 22.8 percent, and pharmaceuticals with 22.2 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 1536 GMT 8 Sep 95)

In a communique released on 13 September, the Brazilian Petroleum Corporation, Petrobras, announced that a well to the west of Campo de Mirangas, Bahia State, is producing 210,000 cubic meters of gas per day and 190 barrels of oil condensate per day. Another well is being drilled in the Bacia dos Parecis, in Mato Grosso State, but the potential of this well has not yet been assessed. (Sao Paulo GAZETA MERCANTIL in Portuguese 14 Sep 95 p A7)

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TRADE BALANCE

The Federal Revenue Secretariat, SRF, has announced that Brazil accumulated a $565 million deficit in its trade with its Common Market of the South, Mercosur, partners during the first half of 1995. Brazilian exports to its Mercosur partners totaled $3.106 billion, 14 percent up on the same period in 1994; while its imports from Mercosur countries amounted to $3.671 billion, 120.68 percent up on the same period of 1994. With Argentina alone, the Brazilian trade deficit totaled $900 million, with Brazilian exports amounting to $2.007 billion and imports to $2.917 billion. Argentina thus accounted for 80 percent of Brazilian imports from Mercosur countries during the above period, Uruguay accounted for 13.84 percent with $508 million, and Paraguay accounted for 6.7 percent, with $246 million. Uruguayan exports to Brazil increased by 144.23 percent during this period. The main Argentine export items to Brazil were wheat, 13.58 percent of the total; crude oil, 11.3 percent; auto parts and accessories, 6.77 percent; and passenger cars, 2.7 percent. The main Paraguayan export items to Brazil were cotton, 27.8 percent of the total; soybean, 23 percent; soybean oil, 10.8 percent, and corn, 6.6. percent. (Sao Paulo GAZETA MERCANTIL in Portuguese 8-10 Sep 95 p A5)

Industry and Commerce Minister Dorothea Werneck has announced that the Brazilian trade surplus was more than $300 million in August. Official figures will be released next week. Werneck said that if these surplus rates are maintained until the end of this year, the 1995 trade surplus will total $100 billion; that is, $25 million more than in 1994. She said: "Our goal is to have a $150 or $160 billion surplus by 2000." She added that the target is to promote imports and exports to increase Brazilian participation in global trade from 1 to 2 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 2212 GMT 15 Sep 95)

EXPORTS & IMPORTS

The Santa Catarina State Government and the French Interior Ministry have signed a commercial contract worth 25 million reals, R, under which the French state-owned company Sofremi will supply equipment for public security, environmental protection, and civil defense to Santa Catarina State. The agreement was signed in Paris on 13 September. Governor Paulo Afonso Vieira, who attended the signing of the contract, is visiting Paris and is trying to entice the Renault company to choose Santa Catarina as the site for its car factory in Brazil. Afonso already concluded an agreement with Electricite de France, EDF, which will invest in the construction of small hydroelectric plants in the Joinville region in partnership with Santa Catarina Power Plants, Inc. Afonso is scheduled to stay in Paris until 20 September. (Sao Paulo AGENCIA ESTADO in Portuguese 2047 GMT 13 Sep 95)

The Brazilian Coffee Exporters Federation, Febec, has reported that exports totaled 1,113,191 bags — each bag weighing 60 kg — in August, compared to 938,461 bags exported in July. Brazil can only export 3 million bags of coffee from July to September because of the withholding agreement it signed with other coffee producing countries. Accrued coffee exports from January to August this year total 8,015,960 bags compared to 8,692,849 bags during the same period in 1994; that is, there was a 7.8 percent reduction in the amount of coffee exported. Revenues from coffee exports total $1.385 billion this year, compared with $985,114,000 during the same period in 1994; that is, revenues increased by 40.6 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 1803 GMT 12 Sep 95)

The Febec Council approved on 1 September the creation of the "Brazil Coffee Program," which seeks to form a fund from coffee export revenues to promote coffee-related activities. The program will be implemented with resources from the private sector. It has also been endorsed by the National Coffee Council, CNC, and by the National Agriculture Confederation, CNA. Febec officials expect to raise R1.5 million monthly, which would be used to promote coffee planting and marketing through research and development aimed at reducing costs, and increasing quality and productivity. (Sao Paulo GAZETA MERCANTIL in Portuguese 5 Sep 95 p B16)

REGIONAL TRADE

The Chilean Central Bank, has announced that Chilean imports of Brazilian products and services increased by 60.6 percent from January to July 1995, compared to the same period in 1994. Chilean imports from Brazil totaled $644.4 million during the above period. (Sao Paulo AGENCIA ESTADO in Portuguese 1907 GMT 12 Sep 95)

FOREIGN INVESTMENT

Representatives of seven German auto parts companies made preliminary contacts with local industries of the Campinas region of Sao Paulo on 4 September, seeking business deals. During a seminar called "Trade Promotion and Partnerships Between Brazilian and German Companies in the Automotive Parts Sector," the German businessmen held 46 small meetings to select future commercial partners. One German company, Pepperl and Fuchs, would like to set up a factory in Brazil. German companies have invested DM [German marks]

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9.5 billion in building factories in various sectors, especially in the auto parts, chemical, machinery, and electronic areas. Brazilian-German trade is now balanced and bilateral trade totaled DM10 billion in 1994. The sales of the six major auto parts companies attending the Campinas seminar amount to DM2.5 billion annually and they employ 48,000 people. (Sao Paulo GAZETA MERCANTIL in Portuguese 5 Sep 95 p C2)

Mercedes-Benz President Helmut Werner announced in Frankfurt on 13 September that his company will set up a new car factory by 1998 in a Brazilian city that will be chosen this year. The plant will manufacture 80,000 units of the W-168 Mercedes car model per annum, for sale on the latin American market. (Sao Paulo GAZETA MERCANTIL in Portuguese 14 Sep 95 p C1)

REVENUES & EXPENDITURES

SRF Secretary Everado Maciel has praised the fact that tax revenues in August amounted to R6.852 billion. The slowing of the Brazilian economic growth was reflected in a cut in Industrial Products Tax, IPI, revenues which, on cigarettes totaled R200.1 million in August, which was 4.68 percent down on July. The IPI revenues on other products dropped by 2.36 percent. The economic slowdown was also reflected in the corporate income tax revenues, which totaled R642.2 million in August, down from R657.9 million in July; a 4.99 percent drop. Accrued revenues as of August 1995 are 39.72 percent higher than in the same period in 1994. The second fiscal region — comprising Amazonas, Acre, Amapa, Para, Roraima, and Rondonia — accounts for 39.27 percent of this, while the first fiscal region — comprising Brasilia Federal District, Goias, Tocantins, Mato Grosso, and Mato Grosso do Sul — accounts for 36.64 percent of the increase. (Sao Paulo AGENCIA ESTADO in Portuguese 2139 GMT 15 Sep 95)

COST OF LIVING

The Brazilian Economic Institute of the Getulio Vargas Foundation has reported that the General Price Index-Internal Availability, IGP-DI, stood at 1.29 percent in August. This is 0.95 percent down on July. The increases are as follows: the Wholesale Price Index, IPA, up by 1.73 percent; the Consumer Price Index, IPC, up by 0.74 percent; and the National Construction Cost Index, INCC, up by 0.62 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 1857 GMT 11 Sep 95)

DOMESTIC SAVINGS & INVESTMENT

The Central Bank, BC, on 4 September established that banks receiving time deposits of up to R30 million will be exempt from the obligation of keeping mandatory reserve deposits at the BC. The BC also returned a week earlier the reserve deposits pertaining to savings pass books. These measures seek to mitigate the liquidity crisis provoked by the widespread distrust stemming from the Economico Bank crisis. Banks will receive today R4.1 billion, of which R2.1 billion will be in real notes. Since it started to reduce the mandatory reserve deposits, the BC has injected nearly R12 billion in the banking system, but is still withholding R40 billion. (Sao Paulo GAZETA MERCANTIL in Portuguese 5 Sep 95 p 1)

DOMESTIC DEBT

Professor Fernando Homem de Melo of the School of Economics and Administration at the University of Sao Paulo has stated that the biggest harvest ever in Brazilian history is bringing record losses to Brazilian farmers. He believes the loss of revenue from the 1995 harvest compared to the 1994 harvest amounts to R9.6 billion, which is equivalent to 2 percent of the GDP. Prof. Melo said: "The loss has been so huge that farmers can no longer afford any form of self-financing, which had been possible in recent years thanks to the average productivity growth of 3 percent per annum." Melo blames the loss in revenues on a number of factors: high interest rates, an over valuation of the real, an excessive reduction in import tariffs, and an ineffective agricultural policy. The loss of capital by farmers during the 1995 harvest is already having an impact on the sale of supplies and equipment for the next season: tractor sales dropped by 33.8 percent and harvester sales by 39.6 percent. Without money and without loans, farmers are expected to reduce their fertilized crops for 1996. Prof. Melo said: "A drop in production in the 1996 harvest is inevitable." (Sao Paulo FOLHA DE SAO PAULO in Portuguese 3 Sep 95 Section 2 p 6)

Three-Party Merger Creates Maluf-Led PPB

PY1809153995 Sao Paulo AGENCIA ESTADO in Portuguese 2139 GMT 14 Sep 95

[Report by Rosa Costa]

[FBIS Translated Text] Brasilia, 14 Sep (AE) — The Brazilian Progressive Party (PPB) [Partido Progressista Brasileiro] was formally created today through the merger of the PPR [Progressive Renewal Party], the PP [Progressive Party], and the PRP [Progressive Republican Party]. With 85 deputies and eight senators, the PPB will change the balance of power in Congress. As the third bloc in Congress, the PPB will influence congressional negotiations and could even suggest names for positions in the administration. The PPB leaders would like to outsize the PMDB [Brazilian Democratic Movement Party] and the PFL [Liberal Front Party]. Sao Paulo Mayor Paulo Maluf said: "The PPB will become

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the largest party in the country." He added: "Initially, like in a marriage, there will be some problems, but this will not prevent us from growing."

The name of the party was approved by acclamation at a joint convention of the three parties. The PPB will be officially recognized at the Chamber of Deputies and at the Senate after it has lodged its registration petition with the Superior Electoral Court (TSE). Esperidiao Amin (SC) [Santa Catarina] was the PPR president and will continue to do the same job in the PPB. Maluf and Amin have stated that they will not ask for government jobs from President Fernando Henrique Cardoso, thus contradicting the expectations of many PPB members.

Amin said: "If the president asks me, I would suggest that he not make changes to his cabinet." He believes it would be harmful to the administration to change ministers now that its interests are focused on getting Congress to approve its proposals. Maluf claimed he does not base politics on the distribution of posts. Maluf said: "I like votes, and these are obtained only through work."

President Cardoso will be officially notified of the creation of the PPB upon his return from Europe. Amin praised Deputy Francisco Dornelles (PPR-Rio de Janeiro) for having turned leadership of the bloc over to Odelmo Leao (Minas Gerais), a member of the now-defunct PP. Many deputies believe Dornelles resigned as bloc leader to pave the way for his appointment to a cabinet position, which the PPB expects to obtain from the administration.

The positions of Industry and Commerce Minister Dorothea Werneck and of Agriculture Minister Jose Eduardo de Andrade Vieira have been targeted in light of reports that the administration considers the performance of these two ministers to be unsatisfactory. Dornelles, who served as finance minister during the first six months of the Jose Sarney administration, avoided the issue, saying: "All I can say is that I subscribe to the Order of St. Francis."

Paraiba Governor Dies; Vice Governor Takes Over

PY1809154095 Sao Paulo AGENCIA ESTADO in Portuguese 2312 GMT 16 Sep 95

[Report by Arlindo Almeida]

[FBIS Translated Excerpt] Joao Pessoa, 16 Sep (AE) — Walter Santos, the Paraiba mass media secretary, at 1900 today announced that Paraiba Governor Antonio Mariz, 57, (PMDB) [Brazilian Democratic Movement Party], has passed away. Early today Mariz suffered cerebral death and was being kept alive on life-supporting equipment. Mariz, who had intestinal cancer, died in the presence of his wife Mabel, his two daughters, and his mother Noemi. His body is lying in state at the main hall of Redencao Palace. The time for his funeral has not been announced. [passage omitted]

Vice Governor Jose Maranhao, 51, will replace Mariz as Paraiba governor with the state debt totaling 1.3 billion reals, a payroll of public servants totaling 120,000 people, and virtually no funds for infrastructural projects. Yet, the worst problems afflicting Paraiba are chronic unemployment and low wages. More than 50 percent of the residents of Greater Joao Pessoa earn less than the minimum wage. Maranhao said: "The people of Paraiba are strong; we will overcome the crisis." [passage omitted]

Large Cocaine Lab in Mato Grosso Dismantled

PY1809182295 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 18 Sep 95

[FBIS Translated Text] The Federal Police [PF] have seized 250 kg of cocaine paste and arrested 14 people in one of the sharpest blows to the drug traffickers that use the Bolivia-Brazil route. The PF have dismantled one of the largest cocaine refining laboratories ever discovered in Brazil.

Operation Spring, which was instrumental in dismantling one of the largest laboratories run by traffickers in Brazil, concluded early this morning. After an 18 hour operation, members of an elite PF force returned to the Port of Rondonopolis, southern Mato Grosso state, bringing with them 14 people detained on trafficking charges. Among those arrested are seven Bolivians who were working in the laboratory.

The PF seized 250 kg cocaine paste, 13 kg cocaine, and several weapons, including rifles using ammunition like that used by AR-15 rifles. The PF also confiscated two pickup trucks, motorcycles, a red car, and another pickup truck.

The cocaine ring is charged with supplying cocaine to seven Brazilian states, primarily in the South and Southeast. There are records that the gang was also supplying cocaine to Argentina.

The laboratory refined up to 200 kg of cocaine weekly. The cocaine paste was being airlifted from Santa Cruz de la Sierra, Bolivia, and unloaded at clandestine airfields on farms in the Alto Uruguaia, in southern Mato Grosso, near the border with Goias State, at a connecting point with Sao Paulo.

After being processed, the drugs were being primarily distributed to dealers in Sao Paulo, Rio de Janeiro, Parana, Santa Catarina, and Rio Grande do Sul.

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The traffickers were arrested in flagrante delicto this morning. The gang leaders are Maria Luiza Almiron dos Santos, alias Branca; and Antonio Borges de Oliveira, alias Guri, who have also been placed under arrest.

Deputy on Government-PFL-Opposition Relations

PY1809194695 Rio de Janeiro O GLOBO in Portuguese 9 Sep 95 p 7

[Commentary by Sao Paulo Workers Party Deputy Jose Genoino, entitled: "Government, the PFL, and the Opposition"]

[FBIS Translated Text] The Economico Bank episode, the recent conflicts between Communications Minister Sergio Motta and some PFL [Liberal Front Party] leaders, as well as Sao Paulo Governor Mario Covas' comments predicting the end of the PSDB-PFL [Brazilian Social Democracy Party-PFL] alliance, have instigated a debate on the crisis. This debate has affected the political alliance that supports the government. As a matter of fact, the PFL-PSDB alliance has proven more solid during the electoral dispute and at the time the economic reforms proposed by the government were sent to Congress.

Now, however, that the country's agenda is changing as a result of the inclusion — among the reforms proposed by the government — of new ones for the social and administrative areas, more significant disagreements between the parties that support the government have begun to show up. We must remember that many of these disagreements are related to the appointment of officials to administrative cadre positions. The essence of the recent crisis consisted of a dispute to prove who has more influence in the telecommunications area, and of disagreements over the way to handle the Economico Bank problem. The other disagreements are of secondary importance.

The truth, however, is that these punctual questions hide a more profound paradox in the government support base. The PSDB has been formulating a modernizing discourse containing some extent of concern over social problems. The PFL presents a discourse that is essentially modernizing and of a neoliberal trend. The PSDB contradiction consists in considering itself a social democratic party although it is incapable of implementing a social democratic program. The PFL contradiction consists in developing a modernizing rhetoric, while adopting practices of political opportunism that preserve privileges with the government's help. The PSDB and the PFL only associate to adopt measures of a modernizing program oriented toward the market. This program, however, has conservative characteristics that are determined by the absence of social content.

When PFL political opportunism clashes with the PSDB's modernizing ambitions, the conflict evidently begins. We must consider, however, the PSDB's social intentions. In this area, the government is limited by the conservative alliance. It will only advance in this path, as it succeeds in creating tension inside the alliance that supports it. As a rupture between the government and the PFL is not in the administration's current political thinking, we can say that President Fernando Henrique Cardoso will have its administration permanently under tension with the conservatism that prevails in the management of government affairs.

As the administration does not have a supporting nucleus from the programmatic point of view, I take the liberty of disagreeing with Professor Jose Arthur Giannotti's thesis about the pendular movement of the government. The administration's main tendency is not to adopt a pendular movement between the left and the right. Although unable to present a clear program for the executive and legislative branches, the government has a defined political profile granted by the alliance that supports it. Except for one measure or the other, such as the bill on missing political prisoners and the proposal to review bank secrecy, the government's pendular movement has been restricted to an area that does not belong to the left.

Another problem being speculated on is related to a possible dialogue between the government and the opposition. In any democracy it is natural for the government to talk with the opposition. This does not signify bonds, subordination, or sectarianism. In a democratic system that has majorities and minorities, the government has the obligation of proposing a negotiations agenda for political and social protagonists. Dialogue is only possible if there is something to be negotiated. The PT [Workers Party], as an opposition party, has been gradually constructing a line of action based on the idea of an opposition that has alternative proposals. This affirmation can be recognized in the work the party has been doing on the proposals for agrarian reform, tax reform, and social security area reform, as well as the PT participation in forums and movements that seek to solve the unemployment and recession problems. We must also take into account that the government has not held any substantial negotiations with the opposition. What currently makes a dialogue difficult is the government's incapacity to draft an agenda capable of fighting the social crisis with measures that are not merely compensatory. Particularly because the government does not have qualified interlocutors to discuss the most critical, everyday problems of the country with the opposition.

As for the administration's overall politics, it is unnegotiable for a party such as the PT to support measures

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that increases social exclusion. The PT, which has been making an effort to take responsibility for the country's fate, particularly the fate of the less-favored Brazilians, must concentrate on supporting streamlining and modernizing reforms whose objective, and a practical result, is the fight against an unfair distribution of income and the possibility of granting all Brazilians the rights and benefits of full-fledged citizens. The productive results of a possible dialogue between the government and the opposition are conditioned to signs of changes in the government's political course, so as to include the country's democratic modernization on the national agenda. The number one objective of this democratic modernization process is to fight social injustices.

Ceara Governor Views FHC, PFL, Reforms

95SM0502A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Sep 95 p A14

[Interview with Ceara Governor Tasso Jereissati by Cristiana Lobo and Odail Figueiredo; place and date not given]

[FBIS Translated Text] *Brasilia — As governor of the state of Ceara for the second time, former president of the PSDB [Brazilian Social Democracy Party], and one of President Fernando Henrique Cardoso's staunchest allies, businessman Tasso Jereissati believes the political crisis that has broken out between his party and the PFL [Liberal Front Party] will be resolved the same way as everything else in this administration—by lots of negotiation. Despite the skirmish with the* tucanos, *Tasso says that during the early months of this government the PFL was one of the president's most important allies in the Congress. He admits that the broad alliance fashioned to provide political support for the administration is not the ideal scenario but, being a realist, he says you have to play the cards that have been dealt you. However, he anticipates difficulties in getting the tax and administrative reforms through Congress.*

[O ESTADO] Fernando Henrique Cardoso has been complaining that when problems crop up he has no friend to swap ideas with. Do you think he is all alone?

[Jereissati] Of course not. The president has a party that is solidly behind him, a party that is his, that is fully involved with his platform, that is staking its future on the administration. The president is aware of that. He has the PSDB beside him at all times, and it's a party that is growing more and more substantial and is committed to the reforms he is proposing.

[O ESTADO] The president is going through an atypical period. At the start of the administration, the PFL was his main political interlocutor in Congress, but the intervention in Banco Economico dealt a blow to relations with that party. Now the administration is having problems with all the parties that support it, except the PSDB.

[Jereissati] This is a passing phase. And there will probably be others. That is normal when the spectrum of alliances is so broad. But it should not have very serious consequences. At the beginning, the president suffered several political defeats in Congress, and it was said that the administration would not get anything passed. But issues that have been untouchable throughout history, that were taboo, have been tackled and changes approved within the congressional reality we are now living with. If the PSDB were a broadly majority party the picture would be very different, but no party can hold up the government all by itself. The alliance is full of ad hoc or regional inconsistencies and so it is subject to comings and goings. But, by dint of patience and good humor, the president managed to get his proposals approved.

[O ESTADO] In the case of tax reform, for example, could the Emergency Social Fund get passed with the help of the PFL, and the bank secrecy provisions with votes from the left?

[Jereissati] It has always been that way. In the tax reform, you will see governors from different parties fighting for different proposals, governors from different regions joining together on different issues. And you may see a specific alliance between a PFL governor and a PSDB governor about certain questions. The way the administration's proposals have been treated in Congress has shown that each of these votes has to be cobbled together—you have to convince and, if necessary, be convinced. In the case of the compulsory loan, it is possible the administration will be convinced that the measure is not the right approach.

[O ESTADO] Are you against the compulsory loan?

[Jereissati] In principle, yes, but I believe the president is capable of debating and resolving that matter.

[O ESTADO] Has the PFL not been a very problematic ally?

[Jereissati] For the first six months, the PFL was an excellent ally.

[O ESTADO] Because the issues being debated were the ones that were on its platform....

[Jereissati, interrupting] In my opinion, the biggest problem we are going to have is the administrative reform, because it strikes very directly at corporatist interests which in Brazil, most of the time, transcend party lines. Although it is in the interest of the governors, it will be a tough vote.

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[O ESTADO] Minister Bresser Pereira warned that the administration may win the battle against inflation but will not promote a distribution of income and so lose the social war. Does that risk exist?

[Jereissati] I think it would be very precipitous to say that. The administration is concerned, and it will carry out a comprehensive social program. However, it still does not have the mechanisms needed to carry out that policy. And, in my opinion, social policy in this country means education, eradication of illiteracy, health, a frontal attack on infant mortality, basic sanitation, employment, and an income redistribution policy. Having achieved control over inflation, the administration has already begun an income redistribution policy. Now an employment policy has to be developed, and the government is working on a program in that regard. There is a basic sanitation program that is already starting to be implemented. There are two programs that are being worked out in the housing and primary health care areas. But when you have a fiscal crisis and high rates of inflation, there is no viable social policy. So far, the administration has been engaged in constructing a solid and substantial base from which to carry out that social policy.

[O ESTADO] Is it just a problem of tools or political decisions?

[Jereissati] The political decisions are being put in place. For example, Minister Paulo Renato (Education) is readying a huge basic education project that will become a reality in a short time, assuming that there is a constant [flow of] resources that are being managed in a public-spirited and disinterested manner—which is another of this country's problems.

[O ESTADO] Does the administration's tax reform proposal please the governors?

[Jereissati] It pleases them because it has substance. It is important to note that the purpose of the reform has much more to do with economic policy than with boosting revenues. In fact, there is no model that would be compatible with a reasonable economic policy and at the same time result in increased revenue collection by the federal government, states, and municipalities. Obviously a reform with that purpose has repercussions on tax collection. Removing the burden from exports and the "basic market basket" takes revenue away from governments.

[O ESTADO] So far we have seen only negative reactions to the exemption of exports, the end of bank secrecy laws, and the compulsory loan. What is good about the reform?

[Jereissati] There are some technical points that need to be discussed because neither the states nor the federal government can give up revenues at this point. The technical discussion is aimed at preventing economically appropriate and needed changes from causing losses to the states. This does not mean there are disagreements about the proposal. However, substantial and reliable mechanisms that would offset the loss of revenue need to be found. The states are going through very tough times. I have been governor once before, so I can make comparisons. There is a big difference between managing a state during a period of high inflation rates and during currency stability. When inflation is running at 40 percent a month, the budgets and payrolls are illusory mechanisms because you can survive by using the deadlines to your advantage, and you can even gain from inflation. With stability, all these mechanisms vanish and the realities of the fiscal problem become brutally clear. Stable currency brings to light a fiscal crisis that the country has been experiencing for a long time but that was disguised by inflation.

[O ESTADO] In order to pass that bill, won't the administration have to provide details on those technical points? The PFL said the administration's proposal is neither ideal nor satisfactory to the public.

[Jereissati] Actually there is no such thing as an ideal bill, that is a dream. The ideal bill would be one under which everyone would pay less taxes, the states would collect more, and the fiscal crisis would be over. But you have to work within the bounds of reality. This one is the ideal bill, given the reality, and no one has come forward with a better one. They say we need a bolder proposal, but has anyone studied the consequences of a bolder proposal for the finances of the states, for the lives of the taxpayers, or for the economy?

[O ESTADO] If neither the federal government nor the states can afford to lose revenue, won't the end result be an increase in the burden on the taxpayer?

[Jereissati] That is the equilibrium we have to find. When the administration proposes to remove taxes from exports, it is suggesting something that would enable us to increase exports and so boost the economy, create jobs, and raise income. The bill has to have adjustments and negotiations on certain points, but a facility for negotiating without losing the key points of its proposals has been a characteristic of the Fernando Henrique government.

[O ESTADO] But who ends up paying for the tax exemptions on exports and the "basic market basket"?

[Jereissati] What the administration proposes is that the reform be neutral from the standpoint of state, federal,

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and municipal revenues—that no one wins or loses. Since the tax relief is achieved mainly through the ICMS [Goods and Services Movement Tax] levied by the states, the proposal calls for a fund to be created from import duties to replace what the states lose. The question then arises is whether that fund will fully replace those losses, and whether it is reliable or too dependent on economic policy variables.

[O ESTADO] But then the federal government would be losing resources. How do you close that gap?

[Jereissati] I think the federal government plans to increase its revenue through other mechanisms in the proposed reform. The federal ICMS, which would be merged with the state ICMS, should result in significantly higher tax collection by the federal government. We will have two structures, the state and federal, working to boost revenues. And the change in the income tax will also bring the federal government a very big increase in revenues.

[O ESTADO] So there is going to be an increase in the actual tax burden?

[Jereissati] There will be, if you consider the larger tax base. Because the administration also wants to reduce the load on those who pay a lot today, and curb tax evasion—in short, to increase the number of people who pay taxes.

[O ESTADO] The governors say the administrative reform is more important. Are the governors mobilizing to get the administrative reform voted on first?

[Jereissati] There is no move to put the administrative reform ahead of anything else, but rather to give it the necessary importance. Any tax reform, even if it represents an increase in tax collection, would be swallowed up by expenses, mainly payroll expenses, if there is no administrative reform. In most states today, even if you do not grant any pay raises, the payroll grows by two to four percent a month all by itself because of all those legal mechanisms that exist—such as five-year bonuses and special benefits and retirement plans. If the payroll grows by three percent a month, that is 45 percent on an annual basis. With inflation at 25 percent a year, this means you have to boost tax collections by 20 percent, in real terms, every year, just to make up for the rise in the payroll. That is impossible. Just as it is impossible to get through two or three years without giving government employees any pay raises. So, by itself, the tax reform does not solve anything.

[O ESTADO] So there is no way to escape layoffs?

[Jereissati] Not necessarily. There may be layoffs, but mainly we have to get rid of those mechanisms that make for an automatically rising payroll. The situation is the same in all the states.

[O ESTADO] Will the northeastern states be hurt by the government's proposal, which limits tax incentives?

[Jereissati] In the case of the northeast, the states themselves need to have tax incentive mechanisms to stimulate their industrialization. States that are at different levels of development cannot be treated equally. I have already talked with Governors Mario Covas, Jaime Lerner, Antonio Britto, and Eduardo Azeredo, and they agree that this is legitimate. On the question of incentives, what you have is much more of a fight between equals than between unequals.

[O ESTADO] Do the states want to negotiate a rollover of their debts in exchange for [passage of] the tax reform?

[Jereissati] The question should not be framed in those terms. But on the issue of the debt, separately from the tax reform, there will be some sort of negotiation between the states and the federal government. The fiscal crisis in the states is very serious.

Chile

President Frei Proposes Constitutional Amendments

PY1809185595 Santiago EL MERCURIO in Spanish 23 Aug 95 p C3

[All quotation marks as published]

[FBIS Translated Text] Herewith follows a constitutional reform bill introducing amendments into the Senate, the Constitutional Court, and the National Security Council:

"TITLE I

ABOUT THE CHILEAN SENATE

Article 1 — The following amendments to the Constitution of the Republic of Chile are hereby introduced:

1 — Paragraph No. 6 of Article 32 is hereby abolished;

2 — Article 45 is hereby replaced as follows:

"Article 45 — The Senate shall be composed of members elected by direct vote in senatorial districts, representing the regions of our country, and of former presidents of the Republic, except for the presidents elected by Congress, as established in paragraph 3 of Article 29 of the Constitution. The constitutional organizational law will establish the number of senatorial districts, and the number of senators to which each district shall be entitled, who, in the latter case, shall not be less than two.

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The senators shall hold their seats for a term of eight years and shall be alternately replaced every four years, those from odd-numbered regions during one period and those from even-numbered regions and the Metropolitan Region the following period.

The former presidents of the Republic shall be senators in their own right and for life unless they are removed by the Senate, in keeping with Article 49, and with the possibility of applying the incompatibilities, inabilities, and causes for termination established in Articles 55, 56, and 57 of this Constitution.

The senators elected as a result of an amendment of the number of districts or the number of senators to which each district is entitled shall hold their seats for a term of four years, if new elections are scheduled in the region that they represent after this term of four years;"

3 — In paragraph No. 3 of Article 47, the sentence "elected by direct vote" is hereby abolished;

4 — In paragraph No. 3 of Article 55, the following final sentence: "Concerning the senators mentioned under clauses b) through f) of paragraph 3 of Article 45, they must choose between their seat and the other incompatible post, employment, duty, or commission two weeks after their appointment and, if they fail to make this choice, they shall forfeit their senatorial status" is hereby abolished;

5 — Paragraph 1 of Article 56 is hereby replaced by the following paragraph: "After they have been mentioned under Article 45 or after confirmation by the Electoral Court that they have been elected and up to six months after they fulfill their term, deputies and senators cannot be appointed to anyone of the employments, duties, or commissions mentioned in the preceding article;"

6 — In paragraph 2 of Article 58, the expression "or appointment" is hereby abolished, and

7 — The following, new, temporary provision is hereby added: "Temporary provision No. 35 — The people who are composing the Senate, as established under clauses b), c), d), e), and f) of Article 45 of the Constitution that has been in effect since 11 March 1990, shall continue to discharge their duties until they fulfill the term for which they were appointed."

TITLE II

ABOUT THE CONSTITUTIONAL COURT

Article 2 — The following amendments to the Constitution of the Republic of Chile are hereby introduced:

1) Paragraphs 1, 2 and 3 of Article 81 are hereby replaced by the following paragraphs:

"Article 81 — There shall be a Constitutional Court, composed of seven members who shall be appointed as follows:

a) Two attorneys elected by the Supreme Court in a single, individual, and secret vote; as a result, those who receive the greatest number of votes shall be elected;

b) An attorney appointed by the president of the Republic;

c) Two attorneys elected by the Senate in a single, individual, and secret vote; as a result, those candidates who receive the greatest number of votes shall be elected. If an absolute majority of senators is not present for the aforementioned session, such session shall be held the following day, with those senators present, and

d) Two attorneys elected by the Chamber of Deputies in a single, individual, and secret vote; as a result, those candidates who receive the greatest number of votes shall be elected. If an absolute majority of deputies is not present for the aforementioned session, such session shall be held the following day, with those deputies present.

The Constitutional Court members shall be attorneys with a professional degree, who have exercised their profession for at least 15 years and who have excelled in academic activities. They shall not have any legal impediments disqualifying them from becoming judges, shall conform to the regulations established in Articles 55 and 56, and their posts shall be incompatible with the posts of deputy or senator, Judicial Branch member, and Electoral Court member.

The Constitutional Court members shall hold their posts for a term of eight years, may renew their term once, and shall be unremovable;"

2) Paragraph 5 of Article 81 is hereby abolished;

3) In Paragraph 6 [of Article 81], the following sentence is hereby added: "Concerning the Constitutional Court members mentioned under clauses a), c), and d) of paragraph 1, the quorum required for electing replacements shall be established by the constitutional organizational law specified in the final paragraph of this article;" and

4) The following, new, temporary provision is hereby added: "Temporary provision No. 36 — The Constitutional Court members mentioned under Article 81 of this Constitution shall be appointed up to 30 days before 11 March 1997. In this case, the attorneys mentioned under clauses b) and d) of this article shall hold their posts for a term of four years whereas the other attorneys shall hold their posts for a term of eight years.

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The Constitutional Court thus established shall be installed on 11 March 1997 when the former Constitutional Court members shall no longer hold their posts. It is hereby understood that, for all legal effects, they are involuntarily ending their duties."

TITLE III

ABOUT THE NATIONAL SECURITY COUNCIL

Article 3 — The following amendments to Article 95 of the Constitution of the Republic of Chile are hereby introduced:

1) In paragraph 1, the expression "the Chamber of Deputies," is hereby inserted between the expression "Senate" and the conjunction "and," and

2) Paragraph 3 is hereby replaced by the following paragraph: "The National Security Council shall be convened by the president of the Republic, who may also convene it at the request of at least three of its members. Absolutely all the National Security Council members shall be present for the required quorum. Resolutions shall be taken by the majority of the National Security Council members who are entitled to vote. The president of the Republic shall cast the decisive vote."

Frei: Chileans Want Peace, Unity

PY1909041595 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 19 Sep 95

[Passages in quotation marks recorded]

[FBIS Translated Excerpt] On celebrating the traditional Te Deum to recall the national holiday, the Sangiago Cardinal Archbishop, Monsignor Carlos Oviedo, today called upon all Chileans to work for understanding and not for confrontation.

The president of the Republic, Eduardo Frei, arrived aboard a covered vehicle, and was escorted by a Carabineros motorcade and not by the mounted lancers, as is traditional, due to the inclement weather. [passage omitted]

In his homily, Msgr. Oviedo discussed several matters of national interest, such as the role of women and of the family in society, labor relations, public services, morale, and ethics. He also called for fraternity and reconciliation among all Chileans:

[Oviedo] "When there are profound conflicts, we must all admit that we seriously want to overcome them and not to aggravate them or to revive them afterward. To achieve this, we must work for understanding, and not for confrontation; to understand ourselves, and not to reject each other; to be united in the noble common causes of Chile, and not to seek the separation of others, as if Chile were not the fatherland of all." [passage omitted]

When General Augusto Pinochet was quickly leaving the place, some people shouted his name. Army Deputy Commander Lieutenant General Guillermo Garin briefly referred to the ceremony, as if he were just another personality:

[Garin] "I am happy to have been able to participate in this traditional ceremony." [passage omitted]

President Eduardo Frei said that Cardinal Oviedo's message reflects the challenges most Chileans are facing today. President Frei arrived at La Moneda Palace at approximately 1000, at which time he received the honors of the Palace Guards. He then received, in his office, greetings from President Bill Clinton on the occasion of the national holiday. In his message, Clinton expresses his admiration concerning the Chilean transition toward democracy. He also stresses the economic progress, and hopes that in the near future Chile will join NAFTA as a partner. [passage omitted]

At the end of the Te Deum, the head of state and his interior minister returned to Government House, where he was greeted by a group of folk dancers. Before raising a glass of champagne to his ministers, congressmen, and the commanders in chief of the Armed Forces — except for General Pinochet, who was not present — President Frei referred to Msgr. Oviedo's homily:

[Frei] "Once again the cardinal's words invite us to fraternity and reconciliation, to leave behind disagreements, seeking great agreements in the quest for the great national unity. I think it was a homily that reflects what most Chileans feel. We want to continue on this path of the quest for unity and peace, which are essential, because most Chileans want peace and unity. They also want reconciliation and great agreements that will facilitate the construction of a country of brothers, as the cardinal said."

The president concluded his official activities of the day by attending, with his wife, a special show at the municipal theater.

Colombia

Minister Denies Visa Policy, Dispute With Nicaragua Linked

PA1609034295 Madrid EFE in Spanish 0040 GMT 16 Sep 95

[FBIS Translated Text] San Andres (Colombia), 15 Sep (EFE) — Colombian Foreign Minister Rodrigo Pardo

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has said that all Nicaraguan citizens now require a visa to enter Colombia. Pardo said the new requirement "is not in retaliation" to Nicaragua's claims over the Colombian department comprising San Andres and Providencia Islands. Nicaragua claims that sovereignty over those territories in the Caribbean, located 1,600 km from Santa Fe de Bogota and 333 km from the Central American country, was relinquished to Colombia through a treaty it considers invalid. The Managua government points out that the Esguerra-Barcenas Treaty of 1928 was signed when this country was occupied by the United States. The Colombian foreign minister also said the visa requirement is not only for Nicaraguan citizens but also for citizens of many other countries. He said the decision was adopted in the framework of the country's immigration control policies.

Prosecutor Valdivieso Appoints Antikidnapping Commission

PA1709224095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 17 Sep 95

[From the "Cripton Newscast"]

[FBIS Translated Text] The Prosecutor General's Office has decided to support fully antikidnapping czar Alberto Villamizar. It has been reported that 25 officials will work in the new office.

Prosecutor General Alfonso Valdivieso Sarmiento has appointed a commission of prosecutors devoted entirely to investigate kidnappings in Colombia. In this way, the Prosecutor General's Office makes a contribution to Villamizar's efforts against this scourge. When he was sworn in for the position, Villamizar said that, to stop kidnappings and penalize kidnappers severely, it is necessary for the Executive, the Legislative, and authorities to work jointly. Formerly, it was regional prosecutors who conducted antikidnapping investigations, but they had to attend to other matters as well. Now the special commission of 25 special prosecutors will work jointly with Villamizar to keep kidnappers from operating with impunity. The prosecutors will head 25 operational groups, consisting of a total of 1250 persons, who will begin to work no later than in 120 days.

Contents of Campaign Manager's Diary Detailed

PA1809141695 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 18 Sep 95

[Report by Gustavo Mendoza; from the "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] The political and judicial week started amid new disclosures and charges related to the alleged infiltration of drug trafficking money in the electoral campaign. Santiago Medina Serra, former Liberal Party campaign manager, is again at the center of the controversy. He gave part of a diary he is writing at Modelo national jail to SEMANA magazine.

He asserts in this diary that he was constantly being offered diplomatic positions in Spain, Italy, and Greece in exchange for his silence. Medina's story goes from 17 June 1994 — two days before the second round of presidential elections — to 28 July 1985, when, according to him, he decided to tell everything about Samper's campaign funds to the prosecutor's office.

According to the antique dealer and former treasurer of the Liberal Party campaign, at the swearing in ceremony on 7 August he was seated at the back of the room and when he demanded that Fernando Botero give him an explanation for this, Botero answered: Do not worry about such trivialities. Remember that Ernesto has decided to send you to an embassy. According to Medina's story to SEMANA magazine, the time came when the runaround about a possible diplomatic appointment made him confront President Samper. I was furious. President Samper called me to one side and we had a very strong discussion. I, very angrily, told him he was wrong, that I was not interested in going to Greece, and that they were the ones who were trying to force me out of the country.

Samper, the diary continues, was very upset and told me that I was being disrespectful and added: Santiago, do not forget I am the president. I answered: Do not forget either that I am the one who got the money for you to become the president.

CAMBIO 16 Reports Sanin Signed Radio License for Orejuela

PA1709225795 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 17 Sep 95

[From the "Cripton Newscast"]

[FBIS Translated Text] CAMBIO 16 magazine, in the issue which started to circulate today, reports that on 6 August 1986, Noemi Sanin, the then communications minister, signed a contract authorizing Manuel Rodriguez Orejuela to operate a radio communications system.

The magazine published several documents according to which Rodriguez Orejuela applied for the license for three years but only succeeded in obtaining it one day before the end of Belisario Betancur's term. A private radio communications contract was signed by Sanin and Nancy Cruz Martinez, Rodriguez Orejuela's proxy. The

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contract allowed Rodriguez Orejuela to operate 20 UHF stations and install a booster station on top of Penas Negras hill. With this setup, Rodriguez Orejuela had Cali completely covered.

The magazine points out that the Rodriguez Orejuela brothers became notorious for the complex communications network they used while operating freely in Cali. The magazine carried this report a few days after Minister Sanin resigned the post of ambassador to Great Britain because she felt she had to separate herself from Samper's government, which is being under fire for the reported infiltration of Rodriguez Orejuela brothers' money in Samper's campaign for president.

It so happens that the same person who criticized the government for its reported link with the Cali is the same person who, as minister, issued Miguel Rodriguez Orejuela his radio communications license in 1986.

Finance Minister Defends Plan To Raise VAT

95CA0396A Santa Fe de Bogota EL TIEMPO in Spanish 9 Sep 95 pp 1, 3B

[Interview with Finance Minister Guillermo Perry by unidentified reporter; place and date not given]

[FBIS Translated Text] Finance Minister Guillermo Perry, is prepared to defend the raising of the VAT [value-added tax], even at the high political price he will have to pay for doing so.

He deems that it would be irresponsible to not try to raise the money the government needs, and to have to "irresponsibly" say later that there has been no investment for lack of money.

In an interview with EL TIEMPO, Perry said that he finally opted for requesting an increase of the sales tax from 14 percent to 16 percent, because the country's fiscal problems had been underestimated during the presidential campaign.

He asserts that if the Congress had passed the original tax reform bill, which would have yielded 3.2 trillion pesos of additional revenue, it would not have been necessary to consider the proposals that are currently being deliberated.

But since the Congress stripped the original bill of 700 billion pesos, the Administration will now have to defend the addition of two percentage points to the VAT. This will increase the revenue by approximately 600 billion pesos in the first year.

[Reporter] Why did you say there would be no tax increase, and you are now proposing the adding of two percentage points to the VAT?

[Perry] We introduced a bill that, had it been passed as submitted, would have given us what we need. Now, aside from the delay the bill has incurred, and the fact that it has been cut back, it is politically more difficult to shut off the evasion and elusion spigot than to increase the tax rates.

A tax increase is paid by everyone and everyone complains loudly. But when we try to fight against evasion and elusion, we have to close some specific loopholes, and each one of the loopholes has a dedicated mourner who emerges to lobby against its closure.

[Reporter] Where did the proposal originate?

[Perry] During our initial talks with Congress, they told us that what we need to do is raise more money, but not necessarily in the manner proposed in the bill. And when we said that domestic savings are declining, this gave rise to the proposal to increase the tax on consumption.

In my opinion, it is better for the economy if we all take our lumps together under that proposal. Better that we enact something like that. First of all, it guarantees that we will not end up in a major fiscal problem over the next several years, and most importantly that we will be able to carry out the projects that were included in the Development Plan.

[Reporter] Does it not worry you to have to ask that a tax as unpopular as this be increased?

[Perry] The job of the finance minister consists of saying the unpleasant things. His is the difficult part of the journey: the raising of the money needed to invest in the social structure and the infrastructure.

I know perfectly well that a measure of this kind cannot be popular. But I also believe that the benefits of the measure will manifest themselves within the intermediate term.

[Reporter] And do you believe that the Congress will agree to enact a 16-percent VAT?

[Perry] Yes. In recent days I have noted that the proposal is making its way in Congress. When the Congress makes up its mind to study something, it does it well. Wisdom prevails. And I believe that this will be such a case.

[Reporter] Will the Administration have to pay the political price of having said that there would be no additional taxes?

[Perry] I assume the full political responsibility for it. In the calculations we made during the presidential campaign, we failed to anticipate what might happen. We thought the fiscal problem could be resolved with a tax reform plan such as the one we presented.

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When we began seeing the figures and experiencing the spending pressures, it became clear to us that we had underestimated them. And there are contingencies that no one had foreseen, such as the decline of tax revenues in the face of a steep growth of transfer payments, the decline of contributions to social security, and the spending called for by the law on public services.

The worst thing one could do, because it would be irresponsible, would be to come out saying that social investment was impossible because there is not enough money.

[Reporter] The Conservatives are saying that the proposal to raise the VAT violates the agreement they signed with the Administration.

[Perry] The Conservative Party committed itself to backing the bill as we actually introduced it in this instance. In truth, they are not committed to vote for a VAT increase. This does not mean that the agreement is being violated. There simply was no agreement concerning this point. If this option makes headway, we shall have to discuss it with them.

[Reporter] Will the plan to reduce tax evasion then lose force?

[Perry] Under no circumstances will we abandon it. Congress will provide the mechanisms for that plan, although perhaps they will not be as tough as we would have wanted. Nevertheless, we anticipate being able to insert an additional section that has been drawn up in a study set up by the Liberal National Directorate together with several former heads of the Tax Revenue Administration. It will be a provision against tax evasion.

[Reporter] Will something more be done by way of public spending cutbacks?

[Perry] We have frozen the payroll and staff reorganizations, by presidential decree. And we are awaiting additional proposals by the Committee on Rationalization of Public Spending, which is hard at work on them, to come up with other means of cutbacks, a revision of the system of transfer payments, and the elimination of unnecessary agencies.

Central Bank Questions 1996 Spending Plan

95CA0393A Santa Fe de Bogota EL TIEMPO in Spanish 6 Sep 95 p 1B

[Article: "1996 Budget Is Dangerous"]

[FBIS Translated Text] The Board of Directors of the central bank, Banco de la Republica, has again expressed its concern with respect to the government's spending plan.

If the public sector spends the 23.7 trillion pesos (28 percent of the country's GDP [Gross Domestic Product]) next year that it has included in its 1996 budget bill, the rest of the economy will experience serious difficulties.

Miguel Urrutia Montoya, manager of the Banco de la Republica, has presented, in the name of the Board, a documented analysis that will be the point of departure of the discussions in Committees III and IV of the Chamber. The document states clearly that implementation of the government's spending plan will make it impossible to meet the 1996 inflation and growth goals.

Document's Conclusions

According to the bank of issue, the proposed budget would lead to a central government deficit of 3.3 percent of GDP, the country's largest deficit in the past 10 years. Moreover, the central government's proposed spending level relative to GDP (18.4 percent), would be the highest such ratio in the last 25 years.

In addition, the public sector as a whole would have a deficit equal to 0.15 percent of GDP. In contrast, over the past three years, the public sector has posted a saving or a surplus.

The government had estimated that with a public-sector deficit of 0.3 percent inflation could still be held to 15 percent.

"Nevertheless," Miguel Urrutia warns, "if the 1995 inflation goal is not met, the nominal growth of some of the key economics variables, such as public- and private-sector wages, can be expected to exceed rates that would be consistent with a 15-percent rate of inflation and a GDP growth of 5.1 percent."

In other words, the government will have to tighten its belt a great deal more in 1996 if it intends to attain the objectives laid down in the Development Plan.

There is, however, another alternative, namely, that the economy as a whole assume the burden of the proposed spending level, through tighter restrictions on private-sector credit for investment and consumption.

Basically, what most worries the Board is the fact that households as well as businesses will have narrower consumption and investment limits if the government insists on increasing government administration spending and on upping investment to real rates varying between 7.0 and 9.6 percent (over inflation).

Who Pays

The economy has a given spending and investment capacity that can be measured in terms of total production of goods and services, and of imports. If the government

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spends a great deal, businesses lose capacity to develop their own plans.

In other words, a large part of the available money in the financial system goes into funding public spending, and the banks have less money to lend to private businesses.

Thus the real growth in consumption by households in 1996 [under the government's currently proposed spending plans] would be only 3.0 percent, whereas in 1995 this growth was 5.0 percent.

But the hardest hit would be private-sector investment, which would likely have to be shrunk by 1.2 percent so as to cede capacity to public-sector investment.

Moreover, a substantial portion of the private-sector investment planned for the next several years is concentrated in large-scale infrastructure projects (roads, ports, airports), which are already absorbing capacity that the private sector would otherwise have available to it for developing projects of other types.

According to the central bank's board, the economy faces still another challenge that puts a further squeeze on funding in 1996: Cusiana. A major portion of the investment in this oil project is to be consummated next year, further constricting other priorities.

As viewed by the central bank, there is simply no other alternative but to begin quantifying another spending cut. Because any thought of increasing the country's foreign debt or domestic credit, or of an incremental currency issue, or of augmenting taxes, would be detrimental to the economy.

Increased foreign indebtedness would produce a currency revaluation, an issue of new money would translate into inflation, raising the level of the government's domestic debt would blow interest rates sky-high, and new or increased taxes would adversely affect private-sector savings.

Reform Bill Proposes Plan To Reduce Tax Evasion

95CA0394A Santa Fe de Bogota EL TIEMPO in Spanish 8 Sep 95 pp 1, 5B

[Article: "Tough Plan Proposed Against Tax Evasion"]

[FBIS Translated Text] Tax evaders will now have to dodge their pursuers.

The tax reform bill that the Congress is currently debating will include a hard-hitting plan to curb tax evasion. The plan proposes the drawing up of a listing of tax evaders in 1996, with a view to putting a halt to the flouting of tax laws by thousands of Colombians.

The proposal is aimed at reducing tax evasion as much as possible and provides for offering a share of the proceeds to local authorities and persons who cooperate in the ferreting out of evaders.

According to a study by the Treasury Ministry and the International Monetary Fund, Colombians are "stealing " 31 percent of the nation's income tax revenue and 34 percent of its VAT [value-added tax].

Tax Evasion

Year	Potential Revenue	Actual Revenue	Estimated Differential	*	**
1990	1,687,515	1,233,995	453,520	26.88	2.24
1991	2,963,146	2,038,101	925,045	31.22	3.54
1992	3,907,661	2,740,974	1,166,687	29.86	3.48
1993	5,425,363	3,675,950	1,748,413	32.25	4.12

Source: DIAN [National Tax and Customs Administration]

*Evasion as a percentage of potential revenue

**Evasion as a percentage of GDP

In absolute terms, evasion amounts to some 5 billion pesos daily, or close to 2 trillion pesos annually. This is approximately the sum the government hopes to recover with the tax code reform bill it has introduced in Congress.

The idea of including a special section to this end in the tax reform bill originated with the DNL [Liberal National Directorate], whose president, former Minister Luis Fernando Jaramillo Correa, has been working with a study group consisting of three acknowledged experts,

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former DIAN directors Alba Lucia Orozco, Santiago Pardo, and Carlos Fernando Zarama.

Wednesday [6 September] night, having completed a detailed analysis of the Samper Administration's tax code reform bill, the three experts presented the proposed section to the Liberal Directorate and the Finance Ministry for inclusion in the plan to reduce tax evasion. The section calls, moreover, for the forming of an oversight committee to ensure the attainment of the stated objectives.

An Ambitious Plan

To begin with, the plan, perhaps the toughest one ever proposed in the country, calls for the DIAN to establish a listing of evaders next year.

The purpose of this listing will be to identify those taxpayers who have failed to comply with their obligation to file tax returns, and those who have failed to pay their taxes to the Department of Tax Revenue.

The list will include all taxpayers who have been sanctioned for incorrectly reporting their income, and those sanctioned for infractions of contraband laws and of currency exchange regulations.

One of the bill's most controversial points is the one that provides for the maintaining of a complete registry with identification of evaders, "which is to be made public." Its intent is to provide a moral penalty of some sort, applicable to those who scoff at the tax laws and in that way impede the government's effort to realize the social investment it has promised for the classes of lesser means.

To ensure the implementation of this program nationwide, Article 6 of the bill provides that the national, departmental, municipal, and district tax authorities shall institute joint tax-audit programs.

The bill also includes a section aimed directly at the famous "little Saint Andrews" who for years have been the mainstay of the contraband traffic. It provides that the tax authorities responsible for customs audits shall conduct a crackdown, with the help of the police, should it be necessary, on sites serving as congregating points for the sale of contraband goods.

The plan considers that to fully implement the provisions of the bill, half the DIAN's human resources will have to be assigned to the programs dealing with the collection of taxes. That group of persons would be concerned with auditing those who fail to invoice sales taxes or to report them, in compliance with the tax laws.

A substantial number of the remaining DIAN employees will have to be assigned to the determining of the assessment against those who fail to file tax returns or who persist in their failure to comply after being caught as evaders.

The bill provides that from 1998 on, the Joint Committee on Tax and Customs Administration may adopt other distributional percentages for the assignment of human resources to auditing tasks, "adhering, however, to the basic investigative criteria requiring that the auditing of evaders who fail to file returns take priority over that of those who file returns every year."

Proposed Incentives

The section that is to be included in the bill stipulates that the Finance Ministry shall determine the cost of the plan to reduce tax evasion, and its profitability.

"To this effect," it states, "the Finance Ministry shall allocate within its budget or budgetary totals not less than 5 percent nor more than 10 percent of the maximum projected proceeds from its audit programs, as additional funds for the Directorate of National Tax and Customs Revenues, such funds to be termed investment."

With those funds, the DIAN may contract supernumeraries, augment its staffing, reclassify its employees, without regard in any of these cases for restrictive limitations that may be placed on other public spending.

Part of those funds shall be devoted to the training of employees, the purchase of equipment, data processing, and in general all spending that will enable it to fully carry out its program.

One of the bill's articles stipulates that while the budgetary totals are being compiled the government will be authorized, for a period of three months, to transfer the funds needed to begin implementation of the plan against tax evasion.

One of the plan's fundamental aspects that would ensure its success has to do with the share of the proceeds that would accrue to the local authorities and physical persons who have assisted in the detection of an evader.

Article 11 provides that the tax revenue administration may negotiate agreements with territorial agencies on joint auditing programs and a reward for the reporting of tax-law infractions, such reward not to exceed 10 percent of the maximum proceeds realized.

In the same vein, it provides for the instituting of programs for reporting by individuals and associations, enabling them also to share in the proceeds to the extent of 10 percent of the amount collected by the DIAN.

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Ecuador

Peruvian Official Cited on Border Situation, Diplomacy

PY1909012395 Quito Voz de los Andes in Spanish 2300 GMT 18 Sep 95

[FBIS Translated Text] Peruvian diplomacy regarding Ecuador must be one of action rather than reaction.

This was stated by Harry Belevan, Foreign Ministry director for political affairs while launching a publication on the recent Ecuadoran-Peruvian war.

Belevan said that Peruvian diplomacy must abandon any traces of a defensive position that tends to regard the border conflict as an exclusively Ecuadoran problem.

Belevan said that from the moment one of the parties exerts justified or unjustified pressure on the other party, the latter will not feel at ease.

The Peruvian official launched a special edition of the magazine POLITICA INTERNACIONAL, published by the diplomatic academy. The issue contains a chronological account of the conflict between Ecuador and Peru early this year. It also carries all the official communiques issued by Peru and the guarantor countries of the Rio de Janeiro Protocol, that is, Argentina, Brazil, Chile, and the United States, during the armed clashes.

Peruvian Ambassador: Relations 'Returning To Normal'

PY1909003995 Quito Voz de los Andes in Spanish 2300 GMT 18 Sep 95

[FBIS Translated Excerpt] Hugo Palma, Peruvian ambassador to Ecuador, maintains that the Ecuadoran-Peruvian relations are returning to normal and it is hoped the pacification process in the upper Cenepa will be fully consolidated:

[Begin Palma recording] Specifically, I believe that the objectives expressed by the two governments are being carried out and consolidated. Obviously, recent events show this determination, and everything leads one to believe that developments will continue within the framework of this tendency, to the satisfaction of both governments.

What has been stated is that we are experiencing a normalization, a relaxation process, as established by Article No. 6 of the Itamaraty Peace Declaration. In this sense, what we have in mind for the time being is the upcoming meeting of deputy foreign ministers in Brasilia to assess the performance of the Momep [Ecuador-Peru Military Observers Mission] and, later on, the foreign minister's visit to Peru in response to an invitation by his Peruvian counterpart, Minister Tudela, to start this type of talks.

Consequently, a process is currently underway. It is obviously impossible to set dates or any other type of specific reference for the time being. The important thing is that the process is currently underway, and that it is developing satisfactorily. Naturally, we are expecting Foreign Minister Leoro's visit to Peru, where he will be welcome. [end recording] [passage omitted]

Regarding the reopening of the Ecuadoran-Peruvian border, Palma said that everything is developing normally.

Military, Reporters Deny Allegations of Payments During War

PY1909004095 Madrid EFE in Spanish 0025 GMT 16 Sep 95

[FBIS Translated Excerpt] Quito, 15 Sep (EFE) — The Ecuadoran reporters who, according to reports released in Lima, received money from the Quito government during the undeclared war with Peru today denied these accusations, and were immediately supported by the military.

According to the Lima newspaper EXPRESO, Quito EL MERCURIO staff writer General Antonio Molina, who was presumably involved in the payment of some $500,000 to reporters, told EFE that "this is part of the new Peruvian Government campaign against the situation in the upper Cenepa." [passage omitted]

Moreover, former Ecuadoran Defense Minister General Jose Gallardo, who held that position during the undeclared war with Peru at the beginning of the year, said today that "this is not the first time that the Lima newspaper EXPRESO has distorted the truth based on reports allegedly from the Pentagon."

"It has already done so once. That newspaper obviously complies with obscure Peruvian intentions, and undoubtedly the paper receives payment," he said.

"Neither the Defense Ministry nor the Armed Forces have spent a single cent to pay reporters. The media cooperation was altruistic and noble," he said. He then asked the national Congress or any other authority to see if money was used to win the reporters' support.

He asked the Ecuadorans "not to believe in those remarks or in false offers. Our fatherland, since its birth, has been threatened, and it is still threatened today," the general said. Gallardo is today an independent candidate for the presidency of the Republic.

Stating that the Lima newspaper EXPRESO is jeopardizing the pacification process between Ecuador and

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Peru, Gallardo said that those reports "seek to harm the fatherland and downgrade the unquestionable victory the Armed Forces have attained in the upper Cenepa."

Gen. Gallardo said that "Ecuador must seek a definite solution to the border conflict, but must not fall into an ingenuousness, because this has been tragic for our fatherland. We must negotiate with good will and good faith, but with absolute firmness," he said.

Galapagos Islands Situation Returning to Normal

PY1909013995 Madrid EFE in Spanish 2015 GMT 16 Sep 95

[FBIS Translated Excerpt] Quito, 16 Sep (EFE) — The situation in the Ecuadoran Galapagos Islands returned to normal today with a people's rally and the cleaning of the installations liberated by the stoppage committees following the agreement they reached yesterday with the government. The agreement meant the end of the measures adopted 15 days ago.

Milton Aguas, president of the San Cristobal Town Council, who positively assessed the agreements reached with the central government, told EFE today: "Last night we staged a rally involving the entire population, with shouts and hurrahs, and we abandoned the airport and National Park installations," which had been seized by the strikers, and which are the main tourist attractions in the islands.

Today, most of the people of San Cristobal Island are cleaning the airport installations, which "we are going to hand over in a better condition than when we received them," one of the persons involved in the strike told EFE.

Nevertheless, tourist agents have reported that flights have not yet been resumed because the National Air Services (SAN) company intends to operate with the other airport of the islands, in Baltra, until the end of the month.

Referring to the petitions of the islanders' strike committees, which demand greater autonomy of their government organizations, and financing, in particular, Aguas said that "the 11 points of the list of petitions have been discussed and agreed upon with the government."

Regarding the petition to replace the manager of the government organization in the islands, the Galapagos National Institute (Ingala), and the director of the National Park, Aguas said that "it will not be necessary, since they have voluntarily announced that they will submit their resignations" because "they have lost their authority." [passage omitted]

Congress President: Dahik's Impeachment 'Irreversible'

PY1909001895 Quito Voz de los Andes in Spanish 2300 GMT 18 Sep 95

[FBIS Translated Excerpt] Ecuadoran Congress President Fabian Alarcon has asserted that the impeachment of Vice President Alberto Dahik, who is facing corruption charges, is irreversible.

Alarcon said that the vice president's impeachment must take place as soon as possible because the people demand it and because it must take place once and for all.

Alarcon said that the Ecuadoran people cannot continue in this uncertainty that has been shaking the country since August. [passage omitted]

Abdala Bucaram Predicts Changes in Next Elections

95SM0499A Guayaquil VISTAZO in Spanish 17 Aug 95 pp 4-7

[Interview with Presidential Candidate Abdala Bucaram by Carlos Jijon; date and place not given: "This is the Prelude to What 1996 Will Be"]

[FBIS Translated Text]

[Jijon] The press describes you as the great elector who obtained the presidency of Congress for Fabian Alarcon. Is it true?

[Bucaram] Look, the fact is that we were faced with an unjust candidacy, that of Doctor Heinz Moeller. Unjust because it blocked the democratization of the judiciary. When we formed an alliance with them, we never thought that control of the commissions was going to mean extortion of a government, complete domination of the Supreme Electoral Tribunal.

It was unjust because it made feasible the creation of laws that, under the pretext of modernization, were designed to turn over the strategic sectors of the state to monopolistic groups, without giving any thought to improving education, health, or housing.

And in addition, handing over the executive, since it is unquestionable that Sixto's candidate was Moeller, because Sixto is attorney Jaime Nebot's campaign chief. The minister of government told us that the president considered it indispensable that power be transferred from the right to the right. It is obvious that Sixto is obeying his brother, Cesar. And Cesar is obeying his wife, the elder sister of Leon Febres-Cordero. There is no question that the real boss continues to be Leon Febres-Cordero.

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[Jijon] But if Moeller was the president's candidate, why did the government deputies not vote for him?

[Bucaram] Because there is a political split in the government between Sixto and Dahik. Sixto Duran-Ballen wants Jaime Nebot to be the next president of the republic; it is what he wants, Nebot is his candidate. Nobody knows what Dahik wants, but we know what he does not want. Nobody expected Dahik to be so radical, and that deputies Escobar and Bravo would insist on not voting for Moeller and would not break with Alarcon.

[Jijon] Is Dahik the author of Alarcon's victory?

[Bucaram] I believe it was a victory in which Divine Providence helped. There were several factors: Sixto's political decision to transfer power to Nebot, and Dahik's radical position not to accept this; the decency of Rodrigo Paz in not accepting the Social Christian votes for Carlos Vallejo; that Raul Baca and Antonio Posso abandoned their legitimate aspirations. All of this placed the PRE [Ecuadoran Roldosist Party] in a position in which it only remained to count on the consciences of the honest independents. We sought out the honest ones, Alava, Rivadeneira, Ramirez, and Fabian Fabara. And although they were being called all evening long on 9 August to come by and pick up a check for 900 million sucres to vote for Moeller, they preferred to stay at Homero Lopez' house until 4 in the morning, they preferred to remain in the anticorruption bloc that was formed to confront the Ecuadoran right, now and in the future. Because it is important to clarify that.

[Jijon] Why Alarcon? Why not Carlos Vallejo or Raul Baca?

[Bucaram] Because I gave my word to Alarcon. And I had given it to him here in my house, when Alarcon came from Quito to talk with me and my brother, Santiago. I am a man who keeps his word. I also thought that he was the only one who could unite the independents, because of the experience with the group of six. And they were essential, in view of the fact that we expected Popular Democracy [DP] and the conservatives to abstain.

[Jijon] You did not count on the DP?

[Bucaram] I always knew that they were coming our way. they were not going to abstain and let the PSC [Social Christian Party] win. I always knew that when the moment came, the other independents would be desperate to have a place in the plenary, because many of them have that mercantilist mentality. So that I had five Social Christian deputies who were ready to come over to us in Homero Lopez' house, but I did not want to go through with it in order not to soil Fabian Alarcon's victory. I wanted there to be 39 votes, and there were 39. It was a well-conducted operation, in which they lost because they underestimated us. Before going to Miami, Leon told Moeller that he could reach an agreement with anybody except Bucaram. It is not a sign of intelligence when someone arrives with 40 advisors, rents two floors and the presidential suite at the Hotel Colon, and dines on lobster and wine. Arrogance and pride made them see only what they wanted to see. They went so far as to call me and ask that we return to our past association. I told them that anyone who does not keep his word of honor has no right to ask a favor.

[Jijon] Is the new majority going to censure Vice President Dahik?

[Bucaram] Our party told the country from the beginning. Dahik must explain how the crime of bribery was carried out. He has already admitted that, in the presence of Mario Ribadeneira, Roberto Dunn, and Marcelo Santos, Leon Febres-Cordero asked them for 200 billion sucres in budget items from the government. He said it was for public works, but he asked for the money in return for a law, the Modernization Law. The passage of that law constitutes the crime of bribery. And I ask Dahik: Who asked for the money? My aim is not to ruin Dahik. Dahik is not even worth two cents. It would be stupid to want to kick out the vice president of the republic. The head of this business is Leon Febres-Cordero. That man asked for the money in return for a law, and Minister Ribadeneira paid it. What is important are those 200 billion sucres, who negotiated and who came to an agreement. Those two will have to go to jail the day that the judiciary is reorganized.

[Jijon] Is the new majority going to reorganize the Supreme Court?

[Bucaram] It is not I who ask it, the press is asking for it, the parties, the Church. Everyone is asking for it! The only ones who do not want it are those who are enriching themselves through the judiciary, Nebot and Febres-Cordero. They are the only ones who stand to lose from a reorganization of the judiciary, because they will no longer be able to finance campaigns with money from judgments. The judiciary and the Supreme court are the most corrupt institutions in the country.

[Jijon] What the press wants is that justice be depoliticized, not that it be divided up again between the parties.

[Bucaram] I agree. However, as the laws are written now, it is essential to reorganize the judiciary by democratizing it. The Supreme Court will be much more effective on the day that no party has a monopoly on court decisions: If all of the parties have the same number of members, they cancel one another out, but

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it is inadmissible that one party alone should control 95 percent of the judiciary. This is why the Council of the Judiciary must be created urgently, and enable the judicial career to bring gradually the most honest and capable men into the judiciary. But if today we create the National Council of the Judiciary, as the Supreme Court is composed with 95 percent of its members from the Social Christian Party, it will take us 60 years to get rid of these people by recycling through competitions by merit. Nothing is more important than democratizing the Supreme Court of Justice.

[Jijon] What else does the new majority want? They say that you also want the Supreme Electoral Tribunal.

[Bucaram] Definitely. An individual in a drunken condition cannot kill three children, and because he is Camilo Ponce, son of an ex-president, say that the three children threw themselves at his car. First he said it was an accident, and now he has obtained a judgment that says he was not driving. It is disgusting. The sentence says that it was not proved that he was driving. In other words, it was a bolt of lightning that killed them. It is not right.

[Jijon] The president has called for a referendum. Is the aim of the reorganization of the Electoral Tribunal to stop the referendum?

[Bucaram] No! There is the word of honor of those of us who make up the majority... I am a democratic person. The referendum will be accepted if the Tribunal is reorganized according to the terms proposed by the national government. The president of the republic and the Ecuadoran people have the right to participate in that referendum. And aside from the fact that I do not agree with the questions to be presented, it is an obligation of the political parties to recognize that right and to go ahead with the referendum.

[Jijon] You have committed yourself with the govrnment that there will be a referendum, what else...

[Bucaram] I have not spoken with the government on any subject...

[Jijon, interrupting] You just said so.

[Bucaram] No, no... if I said so, as happened with Osvaldo Hurtado, my words went beyond my intentions. I guarantee the national government that, if having the referendum depends on me, then it will take place. There is nothing more to say. But I have not spoken with the president for more than a year, in Babahoyo, in the mayor's house. That is the only time I met with the president of the republic. With the vice president, never.

[Jijon] Did you not meet with Dahik to negotiate Alarcon's candidacy?

[Bucaram] Not with the vice president nor with the president. The last time I saw Dahik was when we were in Cristobal Colon High School, and he was applauding me when I was a star in the major sports events. It was the last time I saw him. He was a good student, that Alberto Dahik. I never saw him again.

[Jijon] When was the last time you met with Moeller?

[Bucaram] I do not remember exactly, but it must have been about eight months ago. At the Hotel Colon, when I accused him of their not having kept their word. And he told me that it did not depend on him, but on Leon and Nebot. Moeller always seemed to me to be a gentleman, a decent, responsible, and noble person. Moeller is neither a thief nor a criminal, and I think that, with his character and his human qualities, he does not belong in the political organization in which he finds himself.

[Jijon] Could the alliance to defeat the PSC appear again in next year's elections?

[Bucaram] No one has united to defeat the PSC. The entire country united against the theft of the strategic areas of the state. An entire multiparty community united against architect Sixto Duran-Ballen...to prevent the lack of vision of that old man, venerable but supremely ingenuous in politics, from allowing that small gang of ten childish persons to continue to cause the misery that they cause. And it is true that there is a predisposition of the Democratic Left, the APRE [Ecuadoran Revolutionary Popular Action], the Roldosist Party, and Popular Democracy, and I can guarantee that in the hypothetical case of a second round of elections with a man of the right, it is true that the entire center-left would be together in 1996. It is a mechanism for the defense of the system, because this country does not want that oligarchy. I do believe that this is the prelude to what 1996 will be, and it is good that the right knows that its wings are clipped, that it has no options for power, because it only has 32 percent. And it would be well that, in the home of Homero Lopez, where this center-left unity was forged, a plaque be placed on which is stated: here was born a new era for our country, with the unity of the Ecuadoran center-left, not led by Abdala Bucaram, but by a consensus of patriotic forces that said enough is enough. This is what the victory of 1995 in the National Congress meant.

EMELEC-Government Agreement Forms Two Companies

95SM0500A Guayaquil EL UNIVERSO in Spanish 30 Aug 95 p 4

[FBIS Translated Text] With the signature of the agreement between the state and the Ecuadoran Electric

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Power Enterprise (EMELEC), government administration of the company and the economic and criminal charges in which both sides have been involved during the past 14 years came to an end.

The agreement provides that EMELEC will be divided into two companies, one of them involved in the generation of electricity which will continue EMELEC's former activities, while the other company will be involved in the distribution and sale of electricity. In the case of the first company the state renewed its service concession. In the case of the second company ownership will be determined by an international bidding process.

At the same time the agreement specifies that EMELEC must pay $57 million to the government, whether or not it wins its bid for the distribution and sale of electricity. The value of the assets involved in the distribution and sale of electricity will be determined by a multinational consulting company with experience in this area of activity.

The agreement entered into effect on 29 August, including the authorization to EMELEC to invest in electric power generation.

Extended Litigation

During his speech after the agreement was signed Fernando Aspiazu, the general manager of EMELEC, emphasized the desire of both sides to reach an understanding to put an end to a long process of litigation which even involved the courts in the United States.

At the same time he announced that by the end of 1995 a 40 megawatt (MW) electricity generating turbine will be installed in Ecuador and that another such turbine will begin to operate by March 1996. Later on the steam left over from the turbines will be used to generate additional electricity under what is called a combined cycle.

He added that, following the acquisition of new electricity generating turbines of the most advanced design, EMELEC plans to build a new thermal plant which will be named after Alberto Tinajero. This plant will be able to generate 103 MW of electricity by the middle of 1996.

Although he did not refer to the causes of the dispute with the Ecuadoran government, he said that EMELEC will pay $57 million to the state to settle outstanding debts, which is more than what was spent to acquire the company. However, he said: "We are going to do this, for the benefit of the country."

Guarantees Supply of Electricity

Galo Abril, the minister of energy, stated that the settlement of the problem with EMELEC means that the supply of electricity will be guaranteed, principally for Guayaquil, by permitting the company to invest in power generation.

During his speech on the occasion the minister said: "Working for Guayaquil means working for the development of the country, because in 1996 the privately owned electric companies (EMELEC, ELECTROQUIL—Electricity Company of Guayaquil—and ELECTROQUITO —Electricity Company of Quito) are going to generate approximately 300 megawatts of electricity."

He said that by generating this much power it will be possible to resolve the shortages which have occurred in the generation of electricity by hydropower during low water periods which affect Ecuador annually.

Provisions of the Agreement

The provisions of the agreement are as follows:

EMELEC and the Ecuadoran government have agreed to waive all demands and requests for criminal judgments which have been presented.

EMELEC will be divided into two companies: one for the generation of electricity and the other for its distribution and sale.

A contract will be entered into with an international company to evaluate EMELEC's distribution and sales assets.

International bids will be invited for the concession for the distribution and sale of electricity in Guayaquil.

EMELEC will be authorized to take part in this bidding process.

If EMELEC wins the international bidding process, it will pay the state $57 million.

If EMELEC does not win the bid, it will also pay the state $57 million. However, the company with the winning bid will have to purchase all EMELEC assets in its distribution area, at a price to be determined by the evaluation to be made of such assets.

The company which wins the bid will be required to offer 30 percent of its assets to the public.

The new electricity generating company (which will not necessarily be called EMELEC) will be required to expand its capacity to 300 MW.

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EMELEC will be required to cancel the presentation of monthly electricity bills to INECEL [Ecuadoran Institute of Electrification].

State administration of EMELEC will be lifted.

As a part of the bidding process a system of charges will be developed within a period of not less than 30 days which will imply greater investment in electricity distribution.

Bids will be invited for presentation within 180 days (that is, by 29 March 1996), beginning on 29 August.

The agreement entered into effect as of the date of its signature, 29 August.

A policy will be developed for the delivery of power by INECEL to EMELEC. EMELEC considers that the present policy covering such deliveries of power is discriminatory.

Workers: Divided Opinions Over Plebiscite

95SM0500B Guayaquil EL UNIVERSO "SUNDAY" SECTION in Spanish 3 Sep 95 p 11

[FBIS Translated Text] Quito—Divided opinions were expressed on 2 September by workers regarding the plebiscite announced by the president. While some of the workers called it a "trick," others said that it is necessary to define certain aspects of the constitution.

One of the questions in the plebiscite asks whether a provision should be added to the constitution which states: "Even in the case of strikes, halting the provision of health, education, transportation, drinking water, electricity, fuel, and telecommunications services, as well as the administration of justice, shall be prohibited. The violation of this provision shall be considered a crime and will be punished in accordance with the law."

Jorge Antillana, the representative of the electrical workers, considers that it is "proper to ask the people for their views on this. However, a question should also be included on whether or not to privatize INECEL [Ecuadoran Institute of Electrification]."

Santillan said that the breakdown of law and order is a serious matter. There should be a guarantee that the workers will not stop providing basic services, especially in the field of health. Nevertheless, he said: "It is difficult for a law to guarantee that there will be no stoppage in the supply of electricity."

Giving Power to the President

Mesias Tatamuez, a leader of CEDOC-CLAT [Ecuadoran Federation of Classist Organizations, affiliated with the Latin American Workers Federation], said that the plebiscite is a "trick" and that it concerns giving power to the president, not improving the economic situation of the Ecuadoran people.

Tatamuez said that other questions should be included in the plebiscite, such as who should have the power of decision on economic, social, cultural, and other questions. Furthermore, he added: "The questions are being asked of only one side, so that the government will be free to sell the strategic services of the country."

Against the Plebiscite

For his part Ramiro Veloz, another CEDOC-CLAT leader, said that labor leaders will undertake efforts to influence the people to vote against the government in the plebiscite.

He said: "In the middle of the night the government eliminated Article 128 of the constitution which supported the formation of trade unions in the public sector and the right to organize trade unions in general."

Nevertheless, he said that the government had the right to call for a plebiscite. The people should express their views democratically on different aspects, including the right to form trade unions, collective bargaining, the right to strike, and especially provisions which claim social and economic benefits for the ordinary worker.

Veloz regretted that in some sectors, such as health, the workers are abusing the right to strike.

Paraguay

Wasmosy Bill Suspends Political Rights of Military

PY1809185895 Asuncion ABC COLOR in Spanish 16 Sep 95 p 6

[FBIS Translated Text] President Juan Carlos Wasmosy has promulgated the bill suspending the political rights, duties, and obligations of active duty Armed Forces members and National Police officers affiliated to political parties, political movements, or electoral alliances. The officers whose rights have been suspended will preserve their seniority in their respective associations.

Political parties and movements will have 30 days from the day this law is effective to exclude military officers from their respective electoral registries for the duration of the suspension. The Superior Electoral Court will verify political organizations' compliance with the law.

Active duty military and police officers will automatically recover their affiliation and all their political rights after they retire.

Those involved in political activity will be retired immediately.

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Active duty members of the public forces who participate in political partisan activities will be sent into retirement. This penalty does not exclude other penalties established in other laws. Law 261 of 26 May 1994 and all dispositions contrary to this law were derogated.

The promulgation of this law was the result of a decision made by the head of state after consulting with his legal advisers, who submitted a report on the morning of 15 September. The president and Interior Minister Carlos Podesta signed the document immediately after receiving the report. Guillermo Yaluff, culture and information under secretary and presidential spokesman, made the announcement shortly after midday. Earlier Yaluff held a meeting with legal advisers Miguel Angel Maidana Zayas and Miguel Angel Ramirez. Congressional committees recommended the bill's approval on 22 June and the Congress passed it on 31 August 1995.

The issue of the temporary disaffiliation of military and police officers was seriously questioned by military officers who argued that the law violated their acquired rights. Defense Minister Hugo Estigarribia supported this view. We must now just wait for the law temporarily suspending active duty military and police officers' political activities to enter into force.

Law 'Cuts Off' Oviedo's Election Chances

PY1909040195 Asuncion NOTICIAS in Spanish 16 Sep 95 p 3

[FBIS Translated Text] President Juan Carlos Wasmosy at an opportune moment took an ace from his sleeve and left the aspirations of General Cesar Lino Oviedo "off side" [two preceding words in English]. According to his closest supporters, including Blas N. Riquelme, Oviedo was going to enter the race for the presidency of the ANR [National Republican Association, Colorado Party] at any time.

The evaluation that the opposition has given this expected, but sudden, legal measure that does not allow the military to be registered in election lists is much more complex, and it is not centered only and exclusively on complying with a "gentleman's agreement."

For several of the members of the opposition, this is an "astute" move by Wasmosy, who approves a law that cuts off all of Oviedo's chances to run at the most heated time of the internal electoral race of the Colorado Party.

In view of this situation, the polemical general has no other alternative than to retire if he wants to enter the "party arena." From this time on, he must move much more cautiously because the law's articles are fairly clear regarding the punishment for those who breach them.

Those who are caught carrying out political-party activities will be punished not only by being retired, but also with the punishment that is provided for crimes of an electoral nature.

Taking into account the Riquelme-Oviedo "closeness," and given the fact that the majority of the military support an eventual political career on the part of the general, it is this sector that has had its chance to win in the upcoming Colorado Party internal elections weakened.

Don Blas' closeness with this sector, which has also led him to use verbal outbursts, does nothing other than place him in a fairly uncomfortable position.

The panorama after the approval of this law will demand a review of the campaign strategy of the "Riquelme-Oviedo," or "riquelinos," faction. The only alternative is that of pushing the disputed, but very much published, formula of "Riquelme to the ANR and Oviedo to the presidency."

Foreign Minister: Western Banks' Suit 'Fraudulent'

PY1809180195 Asuncion ULTIMA HORA in Spanish 15 Sep 95 p 13

[FBIS Translated Text] Foreign Minister Luis Maria Ramirez Boettner has confirmed on behalf of the Paraguayan Government that our country "will not pay the alleged debt contracted by La Rosi because the $46 million debt was not guaranteed by the state. Furthermore, the lawsuit filed by the 10 banks is fraudulent."

The categorical decision not to recognize the private debt illegally contracted by Gramont Berres was supported by the Executive Branch during a cabinet meeting at Government House yesterday.

"Gramont committed this fraud after forging the signature of then Finance Minister Cesar Barrientos. Then there was overbilling in the construction of the La Rosi Complex. Last, the loan did not have congressional approval as is required by law," the foreign minister said during a news conference.

The Paraguayan State has requested its representatives to gather thorough information on the lawsuit.

The government will then contract lawyers in Switzerland to answer "the fraudulent lawsuit."

The foreign minister said that our government is denouncing the incident to the governments of the countries where the banks making the accusations are based (Belgium, France, Switzerland, Italy, and the United States) in view of the lawsuit's possible repercussions.

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The Foreign Ministry has also sent a long note to the EU giving details on how and who perpetrated the fraud against the state.

Ramirez Boettner adamantly said during the news conference that our country will not pay the alleged debt. "We will not pay in any way; of course we will not pay."

The executive yesterday invited the attorney general, the government attorney, and the foreign affairs vice minister to a meeting to discuss ways to defend Paraguay's position. These representatives will travel to Switzerland to see what can be done.

The legal situation of the case is quite clear. The loan contracts were never approved by Congress and, therefore, the debt contracted by La Rosi and Los Lapachos San Isidro cannot in any way be construed as debts guaranteed by the state. There are no real legal bases for establishing a payment obligation or for giving creditors ground for suing the state to force it to pay.

The foreign minister stressed that all legal confrontations will be won by Paraguay because banks that filed the lawsuit do not have any valid arguments to support their claim.

Peru

Lima Mayoral Candidates Viewed

95SM0597A (Internet) Peru DESCO Gopher in Spanish 7 Sep 95

[From Resumen Semanal 29 Aug-5 Sep]

[FBIS Translated Text]

Nomination of Yoshiyama Official

On 30 August, President Alberto Fujimori made official the nomination of Jaime Yoshiyama for the post of mayor of Lima, under the banner of Change 90-New Majority [NM-C90] in the municipal elections next November. The announcement of the nomination of the former president of the Congress as a participant in the mayoral race followed the inauguration by the chief of state of the water and sewer system in the Santa Maria district in San Juan de Lurigancho. In presenting him as his party's candidate, the chief executive promised government support for the projects and plans to be carried forward in the municipality of Lima under the leadership of Yoshiyama. In addition, he appealed to his supporters to provide Yoshiyama with the same electoral support from which he benefitted in the elections last April. He said it is necessary for the local governments—and not the central government—to undertake projects such as asphalting the roads in the neglected zones, the construction of sports complexes, and the improvement of the citizens' infrastructure. This must always be done with efficiency and imagination in order to yield resources. He maintained that if the government has placed special emphasis on neighborhood projects, it has been precisely because of the inactivity of the local governments. "This," he said, "was the reason that many people criticized me and characterized me as the mayor of Lima."

This entire preamble gave the head of the NM-C90—he was speaking in this capacity—an opportunity to explain the reasons that lead him to change the decision not to nominate municipal candidates he had announced at the beginning of the year. "Initially I did not plan to nominate a candidate for the post of mayor of Lima, but then I said no, we must resolve the problems of Lima, just as we are resolving the major problems of the country, with imagination, honesty, and industry. It is for this reason that in these elections, we will offer a local government option." It was then that he invited Jaime Yoshiyama to join him on the platform. "This is a man," Fujimori said, "with whom we are going to undertake the projects Lima needs." (Most dailies 31 Aug 95)

Under the Slogan 'With Full Support'

In his first statements to the press as a candidate for office, Jaime Yoshiyama said that a future municipal government under his direction will undertake with energy and decision the problems plaguing Lima. However, he noted that the solutions to these problems will necessarily require obtaining credit from international bodies. For this reason, he said, it is necessary to be able to count on the support of the government and the technical studies that justify the needs. Under the slogan "With Full Support," he stated that what Lima needs is a mayor with experience in obtaining foreign aid. (Most dailies 31 Aug 95)

Andrade: 'I Am a Winner'

"The candidacy of Jaime Yoshiyama whom I regard as an excellent person, and therefore an excellent candidate, does not frighten me. However, I must admit that I will run without a sponsor, or, in the best of cases, the sponsor may turn out to be the two. Of one thing I am sure. I am a winner, and therefore I should triumph." These were the first words spoken by Alberto Andrade, the mayor of Miraflores, after he learned that Jaime Yoshiyama had been announced as the official candidate by President Alberto Fujimori. He said that the first alderman will be German Aparicio and that "We Are Lima" will nominate candidates for the mayoral post in all of the districts in this great metropolis with its seven million inhabitants. He said that he hopes that President

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Alberto Fujimori will also invite him to launch projects under his government. He promised that if he wins the post of municipal leader, his first task will be to clean up the city and to reorganize itinerant movement, to which end joint effort will be needed. (LA REPUBLIC 31 Aug 95)

IMASEN Survey

Alberto Andrade would win the post of mayor of Lima with more than a half of the votes cast with Jaime Yoshiyama as the only other candidate. On the other hand, if Luis Castaneda Lossio and Juan Inchaustegui join in the campaign, the percentage in his favor would drop to 44.3 percent, and Yoshiyama's chances would increase to 33.8 percent. This represents an increase of almost seven points over a similar survey made at the beginning of August. Alberto Andrade would win the municipal election in November with 50.7 percent of the votes, as compared with 37.6 percent for Jaime Yoshiyama if they were the only two candidates, according to IMASEN. According to this survey agency, the positive factors favoring each candidate have to do with the outstanding leadership of Andrade in Miraflores and of Yoshiyama as head of the CCD [Democratic Constituent Congress]. Other factors are their separate strategies. While Alberto Andrade was an early candidate, with broad support from the beginning, Jaime Yoshiyama has benefitted from broad media coverage and has the support of the President, as has already been reported. (Most dailies 3 Sep 95)

Yoshiyama's Government Plan

Jaime Yoshiyama Tanaka, the Change 90-New Majority candidate for the post of mayor of Lima, has indicated his willingness to debate his proposals with the other candidate, Alberto Andrade, but he asked for time to make his plan for municipal government known to the people. He dismissed the possibility that Luis Castaneda, the president of the IPSS [Peruvian Institute of Social Security], would be his running mate as a candidate for deputy mayor. He promised to put an end to the garbage problem once and for all within three years. He expressed a certainty that a future municipal government headed by him would obtain a great deal of international aid for this purpose, and he revealed that Lima will be receiving about 200 garbage trucks donated by Japan—which, although they are not new, are in operational condition. As to the problem of peddlers, Yoshiyama said that this will be resolved by the decentralization of municipal services and their redistribution in the various sectors of the city (north, south, east, and central). In this way, many neighborhoods will have access to large markets or commercial centers without having to travel to downtown Lima. Finally, concerning the most recent survey made by the IMASEN enterprise, which showed that the We Are Lima candidate would win 50.7 percent of the votes as compared with 37.6 percent cast for him, Jaime Yoshiyama stated that he has always had confidence in surveys because he believes that they always measure voting intentions at a given moment. However, he attributed the difference to the fact that Change 90-New Majority had not yet set forth its proposals. "I hope that as the people learn about our plans, they will decide to support us with their votes," he commented. (Most dailies 4 Sep 95)

Government Municipal Nominations

The government party will sponsor only candidates for Lima and its 42 districts in the next municipal elections scheduled for 12 November, Congressman Oswaldo Sandoval, who heads Jaime Yoshiyama's campaign team, announced on 31 August. He explained that the decision not to sponsor candidates in the provinces, for reasons which were not revealed, was made by the leader of the political group himself, President Fujimori. With regard to Yoshiyama's plan for municipal government, he explained that its basic focus will be on the transportation sector, neighborhood problems, physical and legal "housecleanings," and the problem of the itinerant peddlers. According to Sandoval, there are not only up-to-date diagnoses of each of these problems, but plans laid to provide solutions to them, as well. With regard to the itinerant peddlers, he explained, a program has been drafted with the participation of these itinerant sales people themselves, so that its application would be more feasible. With regard to the Constitutional Province of Callao, he said that C90-NM takes a sympathetic view of the candidacy of the present mayor, Kurt Woll Muller, for reelection, but that no official position has been adopted as yet on this matter. (Most dailies 1 Sep 95)

Congressman Carlos Reategui explains that the campaign team that will promote the candidacy of Jaime Yoshiyama for the post of mayor of Lima is headed by Congressman Oswaldo Sandoval, in his capacity as general manager. In this effort he will have the assistance of four coordinators. They are Congressman Demetrio Patsias (North Cone), Carlos Reategui (South Cone), and Carlos Blanco (East Cone). Former Minister of Health Jaime Freundt will be responsible for the Center Cone. Congressman Oswaldo Sandoval said that if the government candidate wins the election, resources amounting to $1 billion would be guaranteed for use in an initial program designed to resolve the problems related to san-

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itation, garbage collection, roadways, and transportation in the capital. (Most dailies 4 Sep 95)

Andrade Registers With Electoral Board

On 4 September, metropolitan council candidate Alberto Andrade disagreed with his principal opponent, Jaime Yoshiyama, about the need for Legislative Decree 776 to remain in effect. He made his candidacy on behalf of We Are Lima official by submitting the signatures of 280,000 supporters to the Special Lima Electoral Board. He said he is prepared to debate the plan for municipal government with Yoshiyama. Andrade was responding to his main rival in the coming municipal elections, Jaime Yoshiyama, the government candidate—who had let it be known the previous evening that he would not be unwilling to engage in a debate on the principal problems plaguing our capital. In this connection, he said that he "would be prepared to proceed with a debate with his opponent in order to discuss aspects such as road transportation, citizens' safety, and public sanitation as the priority issues. Andrade said that Lima requires resources that can be obtained not only from the real estate tax and the others existing, but also the contributions from Legislative Decree 776 (suspended by the current government to a provision to direct resources to the district councils in the interior of the country), as well as the economic support of international financial bodies. "We need these contributions because the resources that we have ceased to receive have caused harm to the city. I believe that this norm needs to be amended," he asserted. (Most dailies 5 Sep 95)

Reactions to Fujimori's Support for Yoshiyama

95SM0507B (Internet) Peru DESCO Gopher 7 Sep 95

[From Resumen Semanal 29 Aug-5 Sep]

[FBIS Translated Text]

An Action 'Verging on Abuse'

EXPRESO (1 Sep 95) carried the following report. "No one challenges the right of the government to sponsor a candidate in whom it has full confidence for the post of mayor of Lima. Much less is anyone disputing the personal, professional, and political virtues of Jaime Yoshiyama. However, moving from that to making the financial endorsement and economic support of the government to the city of Lima dependent on his election takes a leap to the line verging on abuse. We hope that the government will be able to see this as time goes on. It may be merely an electoral strategy. If so, it is excessively brazen. The government must respect the decision of the voters, allowing them to choose freely—without interference—between the two candidates, based on the program each sets forth and qualities about which they can convince the people. Never again should the argument of financial support be used to tempt the residents of Lima to vote for the government candidate, nor should the changes needed in municipal legislation—greater internal administrative freedom, additional functions, etc.—be made conditional upon his election, either. This is a weapon that is forbidden, unethical, and also unnecessary—and perhaps even counterproductive."

'Unstinting Support for Yoshiyama'

Manuel D'Ornellas has written the following. "There is no reason that this zeal to make Yoshiyama the successor of Ricardo Belmont should be successful, even though it is being actively promoted by the president from the heights of his popularity. But according to the polls, 20 points separate him from Andrade. In this connection, it would do nothing positive for the current regime if Andrade were to defeat a Yoshiyama who had been unstintingly sponsored by Fujimori, nor would it if he won by a narrow margin of votes. A triumph by Andrade over Yoshiyama, or his defeat by a minimal difference in the number of votes, would place the mayor of Miraflores in a position to be the opposition leader, a post that is virtually vacant at present. Obviously this would not happen if Andrade's rival were an individual with absolutely no links to the government party. Whoever is elected to serve as the mayor of Lima will leave his post on 1 January 1999—not too long before the general elections in the year 2000. It is doubtless for this reason that Fujimori has chosen Yoshiyama, because it is certain that he hopes he will be his successor. But he has forgotten that this same factor might give the advantage to Andrade in an unexpected way." (EXPRESO 1 Sep 95)

'Politicizing the Elections'

GESTION (1 Sep 95) reported the following. "Unlike the previous municipal elections held during the first government of Engineer Alberto Fujimori, this time the president of the Republic will participate actively in the contest. This fact alone will make the elections more political and will force the political opposition to take sides. It would appear that the desire of the government is to gain control over the most important city in the country. And it wants to do this by using one of its best-known political leaders. However, along the course on which Yoshiyama has embarked he will encounter several obstacles. Until last week, according to the principal polling bodies, he led his principal opponent, Alberto Andrade, by 20 points in the voters' preferences. Apart from this, a significant number of the citizens of Lima surveyed said it is not a good

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thing for the president of the Republic and the mayor of Metropolitan Lima to share the same political affiliation. In any case, the challenge that must not be lost to view is that the people of Lima are tired of living with the vital problems that are affecting the citizenry."

'The Possibility of a Second Reelection'

The weekly periodical SI (No 422, 4 Sep 95) reported as follows. "The battle for the leadership of the Lima Provincial Council has now indeed begun. President Fujimori publicly announced the candidacy of Engineer Jaime Yoshiyama, who is the first choice of the chief executive. This nomination was announced in the presence of a large crowd, together with an abundance of promises, in the neighborhood of Santa Maria de Canto Grande in the San Juan de Lurigancho district. This is an area where the president obtained a broad majority both in the referendum and in the elections last April. Fujimori announced some projects that the future mayor of the city will carry out—Bayovar Avenue, a tunnel for vehicles and a road linking San Juan de Lurigancho with the Central Highway. The famous Decree 776 that limited the authority of the council headed by Ricardo Belmont to act was left behind. With Decree 776 or without it, Yoshiyama would have the funds needed, if not for the municipality as such, at least for the projects that interest him and the neighborhood in question. This was an effective form of sponsorship. At the same time, it was a repeat of the method that produced such good results in altering the adverse vote won in the majority of the Peruvian provinces in the referendum contest. Promises of necessary and visible projects were the method that translated into votes on 9 April last. It is highly probable that Fujimori has decided to toss Yoshiyama's hat into the ring not to measure his strength (which is not needed, according to all of the polls), but because he wants to lay the groundwork for the presidential succession. A recent interview Fujimori granted to the Spaniard Manuel Campo Vidal provided the basis for speculation about the president's desire to create the possibility that he could be reelected a second time in the year 2000. Or rather, what has been suggested more often is that he may wish to return to the fray in the year 2005. The interval in between might be covered by Yoshiyama."

'Rejection of Centralized Power'

Maria del Pilar Tello has written as follows. "It is a fact that after what happened with Ricardo Belmont, the people want a mayor of Lima who has access to resources, in particular for the purpose of cleaning up Lima and undertaking the projects urgently needed. The number-two man in the regime seems to meet this requirement. The official announcement and the support promised imply that he will have government loans and guarantees to ensure a successful municipal administration, which could catapult him into the position of government candidate five years from now. But five years is a long time, and we are already seeing that the voters do not always respond to this type of conditioning. On the contrary, even the government daily newspapers have criticized this kind of blackmail, that requires a vote for the government candidate if one wants an efficient mayor with access to resources. Many people are already asking whether the president should not maintain a little more distance from the contest, and should have refrained from active participation from the very first. His investiture as president of all the people of Peru does not require that he exert heavy pressure—or, of course, that he abstain from actions he hopes will be influential. The gesture of exchanging one hat for another does not please everyone, and as evidence of this, the surveys show that a substantial percentage of the people disapprove of the concentration of power. Let us not forget that the widespread argument that developed in connection with the referendum, even among those who sympathized with the regime, had as its focus the desirability of limiting political power, so that those enjoying it would not feel that they were masters of everything around them. Fujimori nominated Yoshiyama as president of Change 90; but as president of Peru, he can offer him support and resources. This is a situation that does not sit very well with many people." (GESTION 5 Sep 95)

'The Political Monopoly'

Mirko Lauer has written as follows. "Once the central government has demonstrated its readiness to chop off the head of an independent mayor, the electoral process is beginning to lose meaning for many voters. Because if we are going to believe that this is political blackmail (and we are indeed doing that), voting for Alberto Andrade or Luis Castaneda would mean taking them one step closer to political liquidation. This crude combination of the carrot and the stick represents the obvious use of public funds for the electoral benefit of a single individual, if Yoshiyama wins—and obvious interference in the affairs of the city of Lima if he loses. The arguments being put forth in favor of Yoshiyama are not even being addressed to a political enemy of the government, but instead to a rival who can now no longer show any evidence of sympathy with Fujimori. We are not dealing here, then, with the defense of any principle or program, but with a brazen effort to obtain a political monopoly on the country. It is possible to achieve something with such arguments. One possible outcome is a single party of the Mexican sort. Even despite his desire to succeed, Yoshiyama might also

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find himself railing against heaven, because as mayor he would also be vulnerable to a destructive lightning bolt from the Government Palace. For example, ill will directed against him by Santiago Fujimori could dash his plans to earth. In such a case, Yoshiyama would also have involuntarily deceived those who voted for him." (LA REPUBLICA 5 Sep 95)

Increased Budget for Social Development

95SM0507A (Internet) Peru DESCO Gopher in Spanish 7 Sep 95

[From Resumen Semanal 29 Aug-5 Sep]

[FBIS Translated Text] The 1996 budget calls for substantial changes in some categories, as compared to the allocations for the present year. As is known, the total budget amount is being increased from 21 billion, 840 thousand soles to 22 million, 263 thousand soles from one year to the next. But the Ministry of Presidency, the department receiving the greatest increase in this allocation, will have its budget augmented from 2 billion, 141 thousand soles, representing 9.8 percent of the 1995 budget, to 5 billion, 33 thousand soles representing 22.6 percent of the 1996 budget. This increase, it has been announced, would be due to the fact that that ministry is entrusted with the administration of the funds of the region, which was previously the responsibility of the Presidency of the Council of Ministers. In confirmation of this, the Presidency of the Council of Ministers is seeing its allocation reduced drastically from the 2 billion, 850 thousand soles provided for 1995, representing 13 percent of the total, to 185 million soles for 1996, representing only 0.85 percent of the total. The Ministry of Economy and Finance [MEF] as well will see its funds reduced next year. (Most dailies 5 Sep 95)

SNE Predicts $2.7 Billion Trade Deficit

95SM0507D (Internet) Peru DESCO Gopher in Spanish 7 Sep 95

[From Resumen Semanal 29 Aug-5 Sep]

[FBIS Translated Test] According to a study carried out by the National Exporters Association [SNE], Peru will have a trade balance deficit of $2.7 billion by the end of the year, as a result of exports totaling $5.3 billion and imports worth $8 thousand, a record figure for our country. In this connection, Ricardo Guadalupe, general manager of the SNE, said that in the opinion of that institution, the way this problem should be attacked is not the method that has been used—restriction of imports—because they represent investments by the private sector to generate an exportable supply, since almost two-thirds is accounted for by capital goods, raw materials, and intermediary products. He said that increasing taxes on imports of consumer goods such as automobiles, beverages, or tobacco will not resolve the problem, because they represent a minor part of the total. (LA REPUBLICA 30 Aug 95)

Columnist Notes 'Hunger for Good Governance'

95SM0509A Lima CARETAS in Spanish 31 Aug 95

[Commentary by Luis Pasara from the "From Outside" column: "Hunger for Good Governance" — received via Internet]

[FBIS Translated Text] Throughout Latin America, recently elected or reelected governments are falling into discredit and are being rejected by the citizens. Various reasons underlie this trend. But what role is played in this phenomenon by the lack of good government?

The leading case in the news involves Ernesto Samper in Colombia. After just a year in office, his government is reeling under well-founded accusations of links with the drug traffic. How can one believe in a government leader when there seems to be proof that he financed his electoral campaign with drug money, while at the same time promising to combat the traffic in drugs? The possible fall of Minister of Economy Domingo Cavallo in Argentina seems to be accompanied by a structural upset involving the whole of President Carlos Menem's government. This crisis comes less than four months after his reelection for a second term of five and a half years. The final glimpse of economic stability is now accompanied by discontent because of the very high rate of unemployment. This has initiated a decline in the popular acceptance of the president, whose state of political health at the end of this crisis cannot be predicted. In Central America, Guatemala, Honduras, and Costa Rica are faced with similar situations. President Ramiro de Leon Carpio can count the days remaining prior to the election of his successor in November. President Reina of Honduras and his Costa Rican counterpart, Figueres, have seen their levels of approval drop abruptly. In Panama, Balladares (The Bull) has had to turn to the public forces to restrain the furious trade-union protests that have erupted in the streets. In Venezuela, President Caldera is enduring an already prolonged agony. Having failed to find an economic plan to serve as an alternative to the neoliberalism that is in vogue, his government continues to provide subsidies at levels that do postpone a generalized social explosion, but at the same time make it impossible to correct the economic situation. When the fiscal situation becomes untenable, the level of disapproval of Caldera will be overwhelming.

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In Peru, Alberto Fujimori is benefiting from the popular hope that during this second term of office, the effects of growth will "trickle down" to the massive sea of poor people. When it is discovered that this "trickle" can only be very slow and limited, the country will sink again into the disappointment and despair that have plagued it cyclically, with Belaunde at the end of the 1950s, Velasco in the middle of the 1970s, and Garcia in the 1980s.

The government leaders say they believe that their problem has to do with an unfortunate image, for which they mainly blame the media. Periodically, those in the political majority attempt in one way or another to muzzle the press, viewing it as the most effective channel for publicizing the mistakes of and scandals involving those in government power.

But the inefficiency characterizing these governments is clearly visible, quite apart from what is reported in the press. In some cases, the economic indicators have improved for a certain period of time. But the social indicators never seem to improve significantly. And after a brief cycle, even the economic indicators fall again to levels that are the same as or lower than before. The most spectacular case in this respect is Mexico, which is dealing today with greater poverty and more foreign indebtedness than before Salinas de Gortari took office.

It is not, then, either a matter of image or of capricious ill humor on the part of the citizenry. The fact is that the citizens of Latin American are suffering from a hunger for good government.

And at this point, they are not really asking for very much. The minimum desired could be expressed in negative terms. In other words, the people want the stealing and lying to cease. We have had enough of organized corruption and premeditated deception of the voters.

But, obviously, there is hope for much more. For example, that the leaders will govern for the country, and not for some domestic or foreign group. That their statements, domestically and internationally, will be serious and responsible. That they will study the problems, seek solutions, and commit themselves to them. That they will be tolerant of differences and criticism, rejecting any messianic pretensions. And that in each major decision, they will think of the long-term effect in the country and not just of the next election.

Is this too much to ask? Perhaps these demands could be regarded as revolutionary. But if they are not dealt with, the uneasiness Latin Americans are experiencing will soon turn into turbulence and social rebellion. And at that point, governing will be almost impossible.

Commentator on Poll Showing Peruvians 'Optimistic'

95SM0509B Lima CARETAS in Spanish 31 Aug 95

[Commentary by Fernando Rospigliosi from the "Controversies" column: "Optimistic Peruvians"; received via Internet]

[FBIS Translated Text] A survey made by the Corporacion Latinobarometro [Latin American Barometer Corporation] in urban areas in eight Latin American countries—this was done by Apoyo S.A. in Peru—in May and June of this year indicates that the Peruvian population is relatively optimistic and satisfied, as compared with the populations of other nations on the continent.

On the issue of distribution of wealth, for example, it is clear that the majority of Latin Americans, living on a continent characterized by its vast inequalities, regard it as basically unjust. But there are notable differences in the assessments of this reality by the citizens of the various countries.

It is the Brazilians, with an impressive 78 percent, who consider the injustice the greatest, along with the people of Mexico. This is entirely understandable, because Brazil is in fact the country with the greatest inequality in Latin America. Peru comes very close to equaling this doubtful honor. However, it is the citizens of Peru who perceive the distribution of wealth to be the least unjust, among the eight countries surveyed. In Peru, 48 percent of those surveyed believe this distribution is unjust, while this is the view of 61 percent of the Chileans and 66 percent of the those surveyed in Uruguay.

Uruguay and Chile are countries where the actual distribution of wealth is not as unequal as it is in Peru, but a larger percentage of their populations, as compared to Peruvians, believe it to be unjust.

In answer to the question about their opinions of the distribution of wealth in their countries, the responses were as follows: In Argentina, 9 percent termed it just, and 66 percent said unjust; in Brazil, 7 percent said just, and 78 percent said unjust; in Chile, 7 percent said just, and 61 percent said unjust; in Mexico, 7 percent said just, and 78 percent said unjust; in Paraguay, 6 percent said just, and 76 percent said unjust; in Peru, 13 percent said just, and 48 percent said unjust; in Uruguay, 8 percent said just, and 66 percent said unjust; and in Venezuela, 13 percent said just, and 66 percent said unjust.

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A key question for assessing the expectations of the people has to do with whether or not they believe the opportunities to improve their standard of living are better than, the same as, or worse than was the case for their parents.

In Chile, the expectations are very high. About 58 percent of the people believe their opportunities are better, and only 12 percent say they are worse. The successes achieved by this country in the last decade doubtless justify this optimism. In Brazil as well, 64 percent of the people foresee a better future, while 22 percent believe it will be worse. We in Peru share the optimism of our neighbors—53 percent of us believe that our opportunities are better than those of our parents, while 20 percent believe they are worse.

Another question provides a clue on this issue. How would you describe your current economic situation and that of your family? The vast majority of the citizens of Peru regard it as normal—69 percent—while only 15 percent describe it as poor. In other countries, the percentages of the population who regard their situation as bad is greater, and also the percentage who believe their situation is good is higher than that in Peru.

In short, it appears that the people of Peru believe that things were bad in the past, that they are normal now, and that they will be better in the future.

With regard to the quality of health, education, and housing conditions, Peruvians are again in the vanguard of the optimists among the countries surveyed. A sizable 53 percent believe that education has improved in these past five years—a larger percentage than in any other country. Without a doubt, the construction of schools and the publicity given this achievement have created this impression, because the quality of the education provided in the new schools does not appear to have improved. Nonetheless, the population believes that it has.

The optimistic views of the people can probably be explained by a comparison with the black hole experienced in previous years rather than by the real potential of the country. On another level, the people of Peru do not value democracy greatly, as has been made clear in recent years. We head the list—23 percent of us—of those who believe that under certain circumstances, an authoritarian government may be preferable to a democratic one. We also lead, with a spectacular 80 percent, in the belief that governments must make some use of force.

Similarly, we head the list, with 71 percent, of those who believe that the government has become more powerful. One thing is interesting. To the question as to what people inspire the greatest confidence, the list of Peruvian preferences is headed—surprise!—by the Japanese, with a vote of 71 percent, although it should be noted that in four other countries as well, the Japanese are also in the lead. Ecuador comes in last on our confidence list, with a meager four percent. The Chileans do not come off very well either, with only 19 percent. Our neighbors to the south do not have very great confidence in us either, because we rank last on their list, with 34 percent, together with the Bolivians.

The United States, the dominant power in the area, is not very favorably viewed. It does not rank first with any of the countries surveyed, and some countries rank that country only sixth on their preference lists. In Peru, the United States ranks fifth. The confidence of Peruvians in Argentina has collapsed, doubtless because of the sale of weapons to Ecuador during the conflict. Now only Ecuador and Chile rank below the people of Argentina in the view of the Peruvians.

This survey, which was made public by Alfredo Torres last Monday, will without a doubt be a tool of primary importance in taking the pulse of Peruvian public opinion as compared with that of the other Latin American peoples.

Uruguay

Mercosur Forestry Sector Creates Business Organizations

PY1509023195 Montevideo LA MANANA in Spanish 1 Sep 95 p 38

[FBIS Translated Text] Cezar Schirmer, agriculture and supply secretary of Rio Grande do Sul State presided over the signing ceremony of three documents that involve the Sustained Forestry Development Council of the Mercosur [Common Market of the South], the Agriculture and Supply Secretariat, the Development and International Affairs Secretariat, the Federal University of Santa Maria, and Procerg [not further identified]. The ceremony was held at the Administrative Center of the Assis Brasil Park.

Some 25 organizations from the private and government sectors of Brazil, Argentina, Uruguay, and Paraguay, all of them are members of CEDEFOR [not further identified] participated in the ceremony. As a result of this ceremony, these countries are now members of the Business Exchange of the Forestry Sector of Mercosur, an organization that will register all enterprises that have activities linked to the forestry sector.

Ronaldo Dornelles, director of the Renewable Natural Resources Department of the Agriculture Secretariat, said there are between 40,000 and 50,000 industries in

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Mercosur that have activities directly linked with raw materials within the forestry sector.

Once the process of registration is concluded, access to information regarding the sector can be obtained through Internet, thus making business more agile within the sphere of Mercosur. The task of registration is already being carried out in Rio Grande do Sur by the Renewable Resources Department.

A document creating a Technological Development Center at the Federal University of Santa Maria was also signed. A third document facilitates the creation of a training center to exchange information on technologies in the sphere of furniture and carpentry sectors, and industries linked to the sector.

'Text' of Constitutional Reform Agreement

PY1509181895 Montevideo LA MANANA in Spanish 1 Sep 95 p 4

["Text" of political agreement for a Constitutional amendment reforming the political system signed by delegates of the Colorado Party, the National Party, New Space, and Progressive Encounter, at the office of Colorado Party Senator Americo Ricardoni in Montevideo on 31 August]

[FBIS Translated Text] 1. Introduction

Delegates have agreed on some points considered essential to enable the institutional reform bill to be approved. Negotiations started in March of this year.

A) The reform must include a constitutional amendment and changes to current laws on political parties and the electoral system.

B) The reform must be politically feasible, which presupposes preserving the current spirit of compromise between the delegates of the four political parties that have negotiated this agreement.

C) The agreement must include a proposal for a constitutional amendment through the congressional procedures established by Article 331, Item D, of the Constitution. The final proposal must be limited to those topics that seek to resolve the difficulties created by our current political reality, which is quite different from the reality at the time the Constitution was approved.

The same criteria will be applied when studying the current legislation on political parties and the electoral system.

D) To end, at least for now, the task assigned to the delegates who sign this document. The document will next be submitted to their respective political leaderships for them to decide the circumstances for the approval of a definitive text.

E) If the political parties represented in this document consider it necessary to draft the text of the amendments, the task must be started as soon as possible to avoid creating the impression among the people that, once again, politicians are unable to efficiently resolve the constitutional problems facing the country.

2. Agreements and other subjects considered

A) Single Presidential Candidates

a) The delegates agreed to amend Article 151 of the Constitution to prevent an accumulation of votes obtained by various presidential candidates participating under a single lema. In this way, in practice, it would be almost impossible for a party that divides its support between more than one presidential candidate to succeed.

b) In addition, and in order to pursue what is stated above, the four political groups that sign this document publicly commit themselves to legally establish, in the same legislative act that approves the constitutional amendment, to the presentation of more than one candidate per party. This does not preclude the inclusion of a transitory disposition in the Constitution establishing the same principle in case of delay in approving a law on the subject in Congress.

c) The selection of a single presidential candidate per lema will be done through internal elections or primaries as established by law.

d) Primaries will be held the last Sunday of November of the year prior to the national election.

e) Delegates did not consider if registered voters participation in primaries will be compulsory.

B) Run-off Elections

a) If none of the presidential candidates running for office on a single ticket per political party polls more than 50 percent of the vote at a general election, a run-off election will be held between the two slates that received the highest number of votes. This run-off will be held as soon as possible. To this end, the Electoral Court should be provided with the necessary legal and financial means.

b) One of the delegates made it clear that in his view, which is shared by several party leaders, there is consensus on this proposal even though no official decision was taken in that regard.

c) The run-off election excludes seats in Congress.

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C) Permanent and Occasional Political Parties

a) The current distinction between permanent and occasional parties will be eliminated by amending the provisions of Article 79 of the Constitution pertaining to this issue.

b) The establishment of occasional parties following primary elections should be barred by regulation.

One of the delegates opposed the inclusion of this paragraph.

c) Occasional parties can be set up both at national and departmental levels.

d) Occasional parties will register with electoral authorities pursuant to the regulations establishing the requirements to be met for such purpose.

E) Parliamentary Elections

a) Practices which are currently acceptable by virtue of existing regulations and which prevent voters from properly identifying candidates on several slates are to be eliminated. This prohibition will probably entail a constitutional amendment and legal modifications.

b) Consequently, the fielding of several lists by each party for seats in the Chamber of Deputies will also be forbidden.

One of the delegates proposed a similar prohibition to be applied to the Senate.

c) A lawmaker of the party that received the most votes for legislative posts will preside over the Chamber of Deputies during the entire term of the legislature.

d) It is necessary — or at least advisable — to fully analyze the so-called "third vote-count" without changing the proportional representation principle. Nevertheless, no concrete formulas were proposed. There was consensus of opinion on the fact that this is a legal rather than constitutional subject because it is included in a law enacted in October 1925.

E) Relationship Between National and Departmental Elections

a) Delegates assessed the possibility of allowing electors to vote for candidates of different parties at national and departmental levels ("split ticket") without adopting any decision.

b) Delegates also analyzed the possibility of holding separate elections for national and departmental authorities. The majority — there was no unanimity among the four delegates — were in favor of amending the Constitution to enable the holding of national and departmental elections separately to be decided by a law that must be passed by two-thirds of the Chamber of Deputies.

c) One delegate said the "split ticket" and the separation of national and departmental elections should be included in the Constitution. Another delegate seconded the motion.

F) Territorial Decentralization

a) Article 262 of the so called "wide-ranging state reform" [which was voted down in Congress under President Luis Alberto Lacalle] will constitute the basis for territorial decentralization although this does not mean that it will be fully followed.

b) It is particularly advisable to transcribe the text of the last paragraph of the said article, which reads: "Departmental governments will be empowered to reach agreement among themselves as well as with the executive branch and government-run companies and banks, on the organization of activities and the provision of services whether they be for their own departments or common to several departments both in their respective territories and at a regional or interdepartmental level."

G) Municipal Participation in Budget Planning

a) Delegates agreed on the need to include in the constitutional reform provisions stipulating that departmental heads will be allowed to express their opinions over the revenue-sharing scheme (Article 297 paragraph 13 of the Constitution) before the executive submits to Congress the budget put together by the Planning and Budget Office.

b) Article 297, Paragraph 13 of the Constitution will therefore be amended to read: "The Budget Law will establish the percentage share from the total budget revenues."

The rest of the paragraph, namely "... to be earmarked for municipal public works." will be eliminated.

H) Candidacies for Departmental Heads

a) The spawning of candidates for departmental heads must be stemmed.

b) Most delegates agreed that candidates for departmental heads should be limited to two or three.

One delegate is seeking his party's final position on this issue.

I) Local Elective Boards

a) Although there was no in-depth analysis of this subject, a delegate proposed that Local Elective Boards should be established at the initiative of the departmental head with the consent of the respective Departmental

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Board. The legislative branch should no longer intervene in the establishment of these elective boards.

b) If considerations in the foregoing paragraph are to be adopted a decision would have to be reached on the reasonably large number of people entitled to vote under the jurisdiction of the Local Elective Board.

c) The other alternative is to leave current regulations as they stand.

J) Referendum

a) The second paragraph of Article 79 of the Constitution will be amended.

b) The percentage of registered voters required to present a referendum will be decreased from 25 percent to 20 percent.

c) The deadline for presenting a referendum will also be reduced from one year to 120 days.

d) These amendments will not be applicable to laws promulgated before the date the constitutional reform becomes effective.

K) Constitution Sections VII, VIII, and IX

a) The four delegates agreed on the impossibility of agreement on the procedure and consequences of tackling the reform pursuant to the provisions of Article 147 and subsequent "wide-ranging state reforms."

b) One delegate moved that the practice of presenting cabinet members at the beginning be optional rather than mandatory. The other delegates seconded this motion. The same delegate motioned that the vote of censure by Congress be maintained and that the special majorities that condition the president of the Republic's decisions be eliminated. The other delegates rejected this motion and likewise the one about the declaration of a crisis of congressional support for the president of the Republic. (Article 150 on the "wide-ranging state reforms"]

c) Two of the political parties represented accepted early congressional elections on condition the same system could apply to the president of the Republic, but the other two parties disagreed with the idea of having the head of state risk his investiture.

d) Despite what has been pointed out in paragraphs a) and c), the four delegates agreed that the constitutional reform should include regulations empowering the head of state to remove from office the directors of government-run companies and banks when he deems it necessary for the establishment of a coalition. The appointment of new directors would be with the consent of the Senate and be subject to the majorities currently provided for in the Constitution.

e) The president of the Republic will be unable to use this discretionary power during the first year of his term or within the 15 months of a change of government.

f) No in-depth analysis was made on limiting the number of times the president of the Republic may remove directors of government-run companies and banks from office.

g) No agreement was reached on the proposal by one delegate to modify the majorities established in the Constitution for overriding presidential "vetoes" (Article 1337 and subsequent ones) as well as "urgency" laws (Article 168 Paragraph 7).

h) The proposal listed in paragraph g) suggest that in the case of laws dealing with powers exclusively vested in the executive branch, Congress may only override an executive branch's partial or full veto by a three-fifth majority of the total members of both chambers. It adds that whenever the national government submits to Congress emergency bills touching upon the president's exclusive powers, deadlines established for each chamber to consider said bills will be shortened.

L) Control Over the Legislative Branch Budget

a) Legal and constitutional provisions will be incorporated so as to clearly empower the Court of Audits to issue a statement on the Congress budget both on its legality and its advisability.

b) Publication of the main items comprising the Legislative Branch's budget will be mandatory.

Venezuela

Mexican Ambassador on Complementarity of 2 Countries

PA1709031995 Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 15 Sep 95 pp 8, 9

[Report on interview with Mexican Ambassador to Venezuela Jesus Puente Leyva by Mercedes Arconada in Caracas; date not given]

[FBIS Translated Excerpt] The complementarity between Mexico and Venezuela is above any crises and controls, and this relationship is much more important than their simple trade exchanges. This was stated by the ambassador of that Central American nation that is marking the 185th anniversary of the Cry of Dolores, that is, the beginning of its independence.

Jesus Puente Leyva granted an interview to REPORTE DIARIO DE LA ECONOMIA to discuss not only his country's situation and its relations with ours, but also about history and the event that is being commemorated today.

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Economic symbiosis

As was pointed out at the outset, he reaffirmed: Commercial exchanges are not the most important aspect; the point is not to purchase and sell, but to make direct investments, we must not forget that we are now partners.

This, he underscored, is not casual, it is part of the economic symbiosis that we are experiencing since the signing of the free trade agreement by the Group of Three [G-3] (which, as you know, also includes Colombia).

We must point out that the G-3 opened a potential market of 146 million consumers — not a paltry figure — because the populations of Colombia, Mexico, and Venezuela are 36, 90, and 20 million, respectively.

The diplomat said that although the trade exchange are not the most important aspect in the relations among countries, it is always good to touch this topic, and of course, he did.

The economic crisis, he noted, has increased trade between Mexico and other countries, and although imports were reduced, exchanges with Venezuela grew by 10 percent in the past six months.

As for the controls, he assured that they have had no effects on bilateral trade with Venezuela.

"Controls are a domestic policy matter for Venezuela and its makes no sense for me to issue an opinion on that regard," he noted.

He insisted, however, that complimentarity between the two countries is above the controls.

In this regard, the ambassador assured that several businessmen of his country are interested in Venezuela's privatization process.

Investment Plans

Mexican businessmen are still interested in investing in the country. There are more than enough examples. Mexican businessmen want to invest in the steel, cement, bread-making, and tourism industries.

Several Mexican groups have already invested in or established associations with Venezuelan companies: Cementos de Mexico invested in Vencemos, Grupo Bimbo in Marinela of Venezuela, Grupo Bimbo in Holsum and Taoro, Industrias Monterrey in Baterias Fulgor, and Posadas de Mexico in Posadas de America del Sur, among others.

As reported in a previous issue, Grupo Posadas announced the construction of two hotels: one in Caracas and the other in Valencia with an initial investment of $20 million.

Grupo Chapultepec of Mexico and La Plana of Venezuela are negotiating the construction of a super fairground that will entail an investment of between $12 and $15 million in the style of Disney, Sea World, and other water parks; in fact, the Chapultepec Park in Mexico City is ranked 10th in the world.

Given that there must be reciprocity in every relationship, Venezuelan businessmen also have plans to invest in Mexico.

The areas that interest Venezuelan businessmen the most in Mexico are the automobile, water pump, and chemical industries.

Among the associations that were already established are those between Corimon of Venezuela and Sindu of Mexico to make sheets [laminas] and between Pyosa of Mexico and Grupo Quimico of Venezuela. [passage omitted]

Colombian Trade Minister on Issues With Venezuela

PA1609221695 Caracas EL UNIVERSAL in Spanish 15 Sep 95 p 2-12

[Report including interview with Foreign Trade Minister Daniel Mazuera by Mariela Leon at the 86th Meeting of the CAF Directorate in Caracas; date not given]

[FBIS Translated Text] The rise of border discrepancies between Venezuela and Colombia "in some measure" affects the flow of trade between the two countries. During a break in the 86th Meeting of the Directorate of the Andean Development Corporation [CAF], Colombian Foreign Trade Minister Daniel Mazuera agreed to talk about the politico-diplomatic controversy between the two nations and its effect on binational trade.

Mazuera said that "the relationship between Venezuela and Colombia has traditionally been a slightly tempestuous love affair, and it has always been that way. I believe it has been that way since colonial times. We are not talking about anything new... love stands above all other considerations and the call for integration between the two nations is greater than any obstacle."

[Leon] "Does it affect binational trade?"

[Mazuera] "It can affect it in some measure. However, I believe this will not have any medium-term effect."

Mazuera pointed out that the Venezuelan proposal regarding a complementary industrial agreement in the iron and steel industry is being evaluated by the Colombian private sector. Mazuera added that "there is

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no reply yet, but Fedemetal [Colombian Federation of Metallurgical Industries] has told us that they are still analyzing the ideas that were presented in Santa Fe de Bogota. I believe we will shortly have a formal reply from them regarding the proposal."

[Leon] "Regarding the Venezuelan proposals, will the reply be positive?"

[Mazuera] "I have no specific information regarding that issue. What I can say is that there is good will, good disposition toward working and exploring ideas together in that regard. However, we must understand that any complementary industrial program is a medium- or long-term program. We are talking about lots of money, and the possibility of joining efforts through joint investments. This is worth money and, besides, it takes time. Therefore, it would not be realistic to expect immediate results from a complementary program. The outlook for such a program could be from five to six years."

[Leon] "How is the Colombian Government's investigation progressing in regards to the possibility of applying the safeguards clause to Venezuelan iron and steel products?"

[Mazuera] "That is a different issue from the complementary issue and therefore has to be examined separately. The safeguard clause follows a request for an investigation made by the Colombian private sector to government agencies. The Colombian Foreign Trade Institute has already issued some recommendations which offer a number of alternatives, all of them seeking a mechanism that will correct the distortion in the flow of trade which derives from Venezuela's participation in the iron and steel industry sector of the Colombian market." Mazuera clearly stated that an official reply will be given when the two remaining petitions are exhausted; these petitions are before the Customs Affairs Committee (Triple A), and the Higher Foreign Trade Council, which have not met to discuss this issue. This should occur in the coming weeks.

Daniel Mazuera accepted that the calling for the safeguard clause creates an "uproar" in the relations. "I would not agree that applying a mechanism to correct a trade imbalance — which is foreseen in the agreements which all nations have signed — has to spoil a trade relationship."

"These measures are designed for protection, not for aggression. When a safeguard is applied it is because someone accepts that there has been a trade distortion of some sort, and we try to right it by taking some corrective measure. That is all. I reject the idea that a safeguard clause ruins relationships between nations. This is not the first time in history that these kinds of measures have been taken."

[Leon] "Has the macro economic integration between the two nations which the Binational Businessmen's Council requested been submitted?"

[Mazuera] "In the Andean Group we are constantly seeking integration. The Free Trade Zone is seeking that, the loans that are being studied by the CAF all incline toward integration. It is a very complex and varied process, which has many fronts but which all tend toward a complementary economy. In the case of Venezuela and Colombia, it is very obvious that they clearly and successfully complement each other."

[Leon] "The devaluation of the Colombian peso will boost Colombian exports to Venezuela?"

[Mazuera] "This year exports have been increasing at a fairly good pace. What happens is that last year exports decreased very much. We still suffer from a negative trade balance that is favorable to Venezuela, but I think this can change. A few years ago the situation was the other way around."

The minister insisted that the commercial debts Venezuelans have with Colombians "also disrupt relations and create unconformity."

[Leon] "Why are they not resolved?"

[Mazuera] "We have held many talks with the Venezuelan authorities but no solution is in sight. We are talking about more than $22 million."

Defense Minister on Colombian Border Claim

PA1509224695 Caracas Venezolana de Television Network in Spanish 0200 GMT 14 Sep 95

[From "The News" newscast]

[FBIS Translated Text] [Station announcer Mario Jota] Venezuela reacted with surprise to a remark Colombian Foreign Minister Rodrigo Pardo allegedly made, refusing to correct the official map of Colombia that was recently published. It seems that Pardo expects Venezuela to recognize his country's right in our gulf.

[Begin recording] [Reporter Pedro Prado] The recent statements by Colombian President Ernesto Samper, favoring the correction of the Colombian map are sufficient for Foreign Minister Miguel Angel Burelli, particularly, because a president's word is above that of his cabinet members. In the opinion of Defense Minister Moises Orozco Graterol, the view of what belongs to Venezuela, as far as its territory and gulf are concerned, is clear with regard to Colombia.

[Orozco] They have never yielded one centimeter. This time Venezuela will not yield one millimeter.

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[Prado] In all likelihood, unless some unforeseen event arises, this controversial and recurrent topic of the border delimitation between Venezuela and Colombia will cool down shortly. This is so, especially, because President Rafael Caldera recently outlined the Venezuelan stance to the Colombian people, and because the binational commissions have yet to determine the exact date in which they will meet again to discuss the matter. [end recording]

Finance Ministry Reports on Debt Payment Dictate

PA1609010695 Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 14 Sep 95 p 2

[FBIS Translated Excerpt] There is no end to the national public debt issue. Refinancing, repurchases, and moratorium are concepts that are always present in the context of economic crises.

The debt issue occupies the attention of the executive branch at this moment. Finance Ministry sources have indicated that this week it was ordered that a series of important payments be made to improve the country's image with regard to the honoring of domestic and foreign debts. [passage omitted]

The Executive Branch is convinced that payment of the foreign debt during the 1995 fiscal year offers little room for maneuvers, including postponed or scheduled delayed payments on the restructured public foreign debt, that is, the Brady Bonds, foreign bonds, and debts with multilateral and bilateral organizations. Other aspects to be considered are the maturity dates on FOGADE's [Deposit Guarantee and Banking Protection Fund] public debt as well as the maturity dates on Treasury bills and National Public Debt Bonds.

If these payments are not made, especially those involving foreign markets, the country would be in a very difficult situation because the possibility of recovering access to international markets and other sources of financing would disappear. This is why the government earnestly wants to pay.

Public Foreign Debt Balance 1991 - 1995 (In millions of dollars)

Creditor	1991	1992	1993	1994	1995
A. Restructured Debt					
Brady Bonds	17.787	17.551	17.474	17.559	17.559
B. Nonrestrucured Debt					
Commercial Banks	726	665	462	275	235
Bilateral	1.874	1.883	2.351	2.924	3.132
Multilateral	2.132	2.715	2.817	3.062	3.209
Bonds	2.413	2.419	2.896	2.692	2.176
Suppliers	1.263	1.417	805	712	312
Total	8.408	9.098	9.333	9.666	9.064
C. Total Foreign Debt					
Total	26.195	26.650	26.807	27.224	26.623

Source: General Directorate of Public Finances.

AD Joins Opposition to 1996 Budget Proposal

PA1609233795 Caracas EL GLOBO in Spanish 14 Sep 95 p 6

[Report by Rosario Pacheco]

[FBIS Translated Excerpt] The various political factions yesterday reacted to what they regarded as a government strategy to keep the 1966 budget proposal from being debated and instead use the 1995 budget when the 30 November deadline ends.

This is inferred from remarks by the principal political faction leaders at the Congress, who also reported that the dialogue between the Executive and the Legislative sectors was disrupted, in particular because Democratic Action [AD], which had endorsed the government's actions so far, sent a note disgreeing with the way the government presented the 1996 budget proposal.

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Gustavo Tarre Briceno, Copei [Social Christian Party] leader and president of the Chamber of Deputies' finance commission, commented on remarks by Finance Minister Luis Raul Matos Azocar, who had said he would not discuss budget items with any deputy. "The finance minister looks more confused than the map of Colombia. I wish to remind him that the Venezuelan Constitution clearly states that, although the Congress cannot increase the budget, it can alter any item thereof. It is regretable that the government is not willing to discuss the budget. This refusal will only lead to having to adopt the 1995 budget as the budget for 1996," he said.

Tarre Briceno recommended to Matos Azocar to make timely remarks to prevent the dialogue from being disrupted. Tarre also affirmed that Copei will not endorse any budget that entails a deficit. [passage omitted]

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